

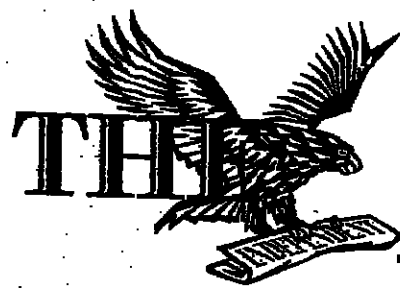
2013/10/19

INSIDE TODAY'S SECTION TWO

Gay sex, the House and the clerk who told tales

Managing your own death

Complete guide to the next seven days



THE INDEPENDENT

2,965

FRIDAY 19 APRIL 1996 40p (1R 45p)

Massacre in sanctuary



Blanket killing: The bodies of Muslim refugees slaughtered in the Israeli shelling of the UN Fijian battalion headquarters at Qana that left more than 70 dead

Clinton calls for ceasefire after refugee bloodbath

The bloodiest day since the Sabra and Chatila massacres of 1982, President Clinton called last night for a ceasefire and a chortle of our age from around the world. Israel described the UN base bombardment as "an unfortunate mistake".

A salvo of heavy Israeli shells, aimed at a Hizbollah rocket battery in Lebanon, landed at a UN base which had become a sanctuary for civilian refugees, killing at least 30 people. Many of the victims were women and children.

Earlier in the day, Israeli warplanes struck a refugee shelter in the village of Nabatiya, killing 12 people, including a mother, her four-year-old daughter, and her two other children.

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them for up to 10 minutes after the first round had landed? A Fijian soldier, looking at a dead woman lying at his feet, her neck encircled with blood, said simply: "The guerrillas fired six Katyushas from near our position. The shells came in two minutes later. But the Israelis know we're here. This has been a UN battalion headquarters for 18 years. They knew we had 600 refugees here."

But Israel's slaughter of civilians in this terrible 10-day offensive - 206 by last night - has been so cavalier, so ferocious, that not a Lebanese will forgive this massacre. There had been the ambulance attacked on Saturday, the sisters killed in Yehmor the day before, the 2-year-old girl decapitated by an Israeli missile four days ago. And earlier yesterday, the Israelis had slaughtered a family of 12 - the youngest was a four-day-old baby - when Israeli helicopter pilots fired missiles into their home.

Shortly afterwards, three Israeli jets dropped bombs only 250 metres from a UN convoy on which I was travelling, blasting a house 30 feet into the air in front of my eyes. Travelling back to Beirut to file my report on the Qana massacre to the Independent last night, I found two Israeli gunboats firing at the

civilian cars on the river bridge north of Sidon.

Every foreign army comes to grief in Lebanon. The Sabra and Chatila massacre of Palestinians by Israel's militia allies in 1982 doomed Israel's 1982 invasion. Now the Israelis are stained again by the bloodbath at Qana, the scruffy little Lebanese hill town where the Lebanese believe Jesus turned water into wine.

The Israeli Prime Minister Shimon Peres may now wish to end this war. But the Hizbollah is not likely to let him. Israel is back in the Lebanese quagmire. Nor will the Arab world forget yesterday's terrible scenes.

The blood of all the refugees ran quite literally in streams from the shell-smashed UN compound restaurant in which the Shiite Muslims from the hill villages of southern Lebanon - who had heeded Israel's order to leave their homes - had patriotically sought shelter. Fijian and French soldiers heaved another group of dead - they lay with their arms tightly wrapped around each other - into blankets.

A French UN trooper muttered out to himself as he opened a bag in which he was

TURN TO PAGE 2

Eyewitness



Robert Fisk
Foreign Reporter
of the Year

Qana, southern Lebanon - It was a massacre. Not since Sabra and Chatila had I seen the innocent slaughtered like this. The Lebanese refugee women and children and men lay in heaps,

their hands or arms or legs missing, beheaded or disembowelled. There were well over a hundred of them. A baby lay without a head. The Israeli shells had scythed through them as they lay in the United Nations shelter, believing that they were safe under the world's protection. Like the Muslims of Sabra and Chatila, the Muslims of Qana were wrong.

In front of a burning building of the UN's Fijian battalion headquarters, a girl held a corpse in her arms, the body of a grey-haired man whose eyes were staring at her, and she rocked the corpse back and forth in her arms, keening and weeping and crying the same words over and over: "My father, my father." A Fijian UN

soldier stood amid a sea of bodies and, without saying a word, held aloft the body of a headless child.

"The Israelis have just told us they'll stop shelling the area," a UN soldier said, shaking with anger. "Are we supposed to thank them?" In the remains of a burning building - the conference room of the Fijian UN headquarters - a pile of corpses was burning. The roof had crashed in flames onto their bodies, cremating them in front of my eyes. When I walked towards them, I slipped on a human hand.

So why did the Israelis kill all these refugee civilians - more than 70 at the latest count - and go on sending 25 shells into the survivors and the bodies around

them for up to 10 minutes after the first round had landed? A Fijian soldier, looking at a dead woman lying at his feet, her neck encircled with blood, said simply: "The guerrillas fired six Katyushas from near our position. The shells came in two minutes later. But the Israelis know we're here. This has been a UN battalion headquarters for 18 years. They knew we had 600 refugees here."

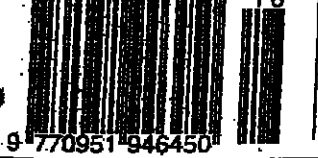
But does a Hizbollah target of opportunity justify the night-

mares scenes which confronted us yesterday? Are Lebanese civilians worth so little on the immoral scales of war that armies can write them off as "collateral damage" while following the hopeless goal of eradicating "terrorism" by gunfire and blood? True, the Hizbollah should bear a burden of guilt, though they will refuse to do so.

But Israel's slaughter of civilians in this terrible 10-day offensive - 206 by last night - has been so cavalier, so ferocious, that not a Lebanese will forgive this massacre. There had been the ambulance attacked on Saturday, the sisters killed in Yehmor the day before, the 2-year-old girl decapitated by an Israeli missile four days ago. And earlier yesterday, the Israelis had slaughtered a family of 12 - the youngest was a four-day-old baby - when Israeli helicopter pilots fired missiles into their home.

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Today's weather
Damp in the south but fine elsewhere. Section Two, page 21



section ONE

IRA's warning shot
Security sources believe the latest London bomb, the fifth since the end of the IRA ceasefire, was a warning shot by the terrorists. John Major said the bomb, detonated on Wednesday night in the garden of an empty house, would not derail the peace process. Page 5

Clarke stands firm
The Chancellor, Kenneth Clarke, forcefully held the line against student calls from Tory right for a giveaway Budget in a move which overshadowed attempts by John Major to pacify his 1995 leadership challenger John Redwood. Page 5

Low IQ for dummies
Babies pacified with dummies grow up to have lower than average IQs, a new study has found. Researchers accidentally stumbled on the link, never demonstrated before, during a study intended to establish whether breast feeding has an effect on IQ. Page 5

Launch 'goes ahead'
Britain's first business-only Sunday newspaper insisted its launch this weekend will go ahead despite the loss of its major potential backer. Senior executives of Sunday Business spent yesterday frantically seeking fresh financial backing for the venture. Page 20

Failure for Botham
Ian Botham failed in his attempt to become an England Test cricket selector, the votes for the two vacancies at Lord's going to David Graveney and Graham Gooch. Ray Illingworth, the chairman of selectors, has already said he did not want Graveney. Page 28

section TWO

ARTS 4,7 CLASSICAL MUSIC 19,20 CROSSWORD 21 LIVING 4,5 POP MUSIC 8-11 RADIO 22 TELEVISION 23 WEATHER 21 ALL ARTS AND ENTERTAINMENT LISTINGS IN 24SEVEN

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MASSACRE IN THE MIDDLE EAST

'Along with everybody else we are'

UN accuses Israel of targeting its troops

DAVID USBORNE
in New York

The Secretary-General of the United Nations, Boutros Boutros-Ghali, condemned the shelling by Israel of a UN peace-keeping unit in southern Lebanon, as senior officials indicated that they believed the attack had been deliberate.

The Israeli strike, which flattened the headquarters of a Fijian peacekeeping battalion in southern Lebanon, triggered a diplomatic furore at UN headquarters in New York as Arab governments demanded action by the Security Council to bring an end to Israel's military activities in the area.

A statement issued by the UN

since 1978 and which now numbers 4,568 soldiers. Nine different countries make up the force, which is under the command of Major-General Stanislaw Wozniak, of Poland.

Information about the guerrilla activity near the site barely mitigated the UN's anger, however. Sylvana Foa, a UN spokeswoman, pointedly noted that the "Israelis have been given precise locations of all UN positions and given precise positions of all humanitarian convoys in the area". She added that the installation used by the Fijians had been in the same spot for "years and years".

It also emerged that Maj-Gen Wozniak had objected repeatedly to the Israeli command over recent days about the threat that its military activities posed to the Fijian headquarters and the civilians sheltering inside it. The senior military adviser to Mr Boutros-Ghali, Frank Van Kappen of the Netherlands, was meanwhile dispatched to the area to try to ensure that the incident is not repeated elsewhere.

Leading the calls for Security Council action was the Lebanese ambassador to the UN, Samir Moubarak. He accused Israel of flouting the UN charter and specifically Security Council Resolution 425 of March 1978, which called for the withdrawal of all Israeli forces from his country and led to the establishment of Unifil.

"It is high time for the Israelis to understand that they have to comply fully with international law," he declared in New York. "They have to comply with the resolution (425) and withdraw immediately from our country. The cycle of violence taking place is a direct consequence of the occupation of Lebanon."

However, efforts by the Security Council to agree a French-drafted resolution calling for an immediate ceasefire apparently faced not unexpected opposition from America. Many diplomats considered it likely that some resolution would emerge last night.

However, the US was believed to be wary of any text that appeared to condemn Israel, including one that called for a ceasefire.



Boutros-Ghali: 'Horried and shocked' at shelling

secretariat said that the Mr Boutros-Ghali had learned of the attack with "shock and horror" and that he "deplores and condemns this shelling in the strongest possible terms".

On the critical issue of whether Israeli forces had targeted the facility, a top adviser to the Secretary-General replied: "Yes. The Israeli defence forces know the precise positions of every UN unit that is deployed (in the region)". UN officials simultaneously confirmed reports that Hizbollah guerrillas had launched Katyusha rockets and mortars at Israel from a placement roughly 300 metres from the UN facility, which was crowded with more than 5,000 refugees seeking shelter.

The Fijian unit is part of the Unifil force that has been deployed in southern Lebanon



Devastation: UN soldiers surveying the damage to the Fijian troops headquarters outside the Lebanese village of Qana

Photograph: AP

Top envoy sent to secure peace

RUPERT CORNWELL
Washington

The US yesterday dispatched the State Department's top Middle East specialist to the region in a new bid to secure an end to the fighting which led to the yesterday's horrific carnage at the United Nations refugee camp in southern Lebanon.

According to officials here, Dennis Ross, the special Middle East policy co-ordinator, will try to forge a deal acceptable to both Israel and Lebanon (and by implication Syria, *de facto* protector and arms supplier of the Hizbollah guerrillas). If he succeeds, Secretary of State

Warren Christopher, who constructed a similar ceasefire between Israel and Hizbollah in 1993, could himself travel to the region before attending a US-Russian summit in Moscow.

The Israeli attack could not have come at a worse time for Washington. Not only does it threaten to change the dynamic of the faltering overall peace process, it took place as President Clinton was en route from Japan to Russia, where the incident could dominate a visit designed to boost the election chances of President Yeltsin.

Now, however, Washington fears that its Middle East peace efforts may unravel.

US REACTION

The slaughter is shaping up as an international public relations disaster for Israel. It also demonstrates the lack of US control over its protégé. Washington had been seeking to end the fighting and even the *New York Times*, a staunch supporter of Israel, argued it should halt its Operation Grapes of Wrath before playing irretrievably into Hizbollah's hands.

That, analysts here say, is precisely what will happen now, reinforcing the militant Arab argument that Israel is waging not a limited war against guerrillas but a general war against

ordinary civilians, and strengthening calls for the Jewish state to withdraw from its "security zone" in southern Lebanon.

Sympathy for Hizbollah will only grow, intensifying international pressure on Israel to make concessions in any ceasefire deal. That however is less likely than ever the run-up to next month's Israeli elections, in which the Labour Prime Minister Shimon Peres is out to show he is as tough on terrorism as anyone.

Terms for a truce, for which earlier separate American and French initiatives are now jointly working, will almost certainly have to involve some future

commitment by Israel to pull out of southern Lebanon, in return for an end to bombardment by Hizbollah units of northern Israel. "Israel has to comply with resolution 425," Samir Moubarak, Lebanon's UN Ambassador said yesterday, referring to the 1978 UN call for Israel to end its occupation.

But as US diplomats know, the involvement of Syria, which has 35,000 troops in Lebanon, is crucial. Indirectly therefore, a resolution of the current crisis could bring closer the resumption of the separate Israeli-Syrian peace talks, suspended after the spate of Arab suicide bombings in Israel.

Israelis show no mercy to Lebanese

FROM PAGE 1

dropping feet, fingers, pieces of people's arms. And as we walked through this obscenity, a swarm of people burst into the compound. They had driven in wild convoys down from Tyre and began to pull the blankets off the mutilated corpses of their mothers and sons and daughters and to shriek "Allahu Akbar" (God is Great) and to threaten the UN troops.

We had suddenly become not UN troops and journalists but Westerners. Israel's allies, an object of hatred and venom. One bearded man with fierce eyes stared at us, his face dark with fury. "You are Americans," he screamed at us. "Americans are dogs. You did this. Americans are dogs."

President Bill Clinton has allied himself with Israel in its war against "terrorism" and the Lebanese, in their grief, had not forgotten this. Israel's official expression of sorrow was rubbing salt in their wounds. "I would like to be made into a bomb and blow myself up amid the Israelis," one old man said.

As for the Hizbollah, which has repeatedly promised that Israelis will pay for their killing of Lebanese civilians, its revenge cannot be long in coming. Operation Grapes of Wrath may then turn out then to be all too aptly named.



A rescuer carries the body of a child from a shelled apartment building in Nabatiyeh. The youngest victim was just four days old

Photograph: Mohamed Zafari

Attack 'endangers' peace

PHIL REEVES
Moscow

As the world watched in horror at the devastation inflicted by the Israelis on a UN peace-keeping camp, Russia launched into a diplomatic row with Israel last night accusing it of "seriously endangering" the Middle East peace process by mounting attacks on southern Lebanon.

The escalating hostilities between the two were "totally unacceptable", said a spokesman for the Russian foreign ministry, Mikhail Demurin, after learning that some 60 people had

RUSSIA

been killed by an Israeli shell. "It is a path to nowhere. It seriously endangers the peace process," he said. He called on the Israelis to demonstrate restraint, although he also condemned "terrorist" attacks mounted against Israel.

The ministry's comments echoed remarks made by Yevgeny Primakov, President Boris Yeltsin's recently appointed Foreign Minister. Speaking on the eve of the opening of a Group of Seven summit on nuclear safety in Moscow, where the lat-

est crisis is certain to be discussed, at the very least behind-the-scenes, Mr Primakov said that "Israel's bombing of Lebanon, a 'sovereign country', was 'not appropriate'".

Although Russia has itself been daily bombing Chechen villages, he condemned the Israeli assaults, adding that Russia opposed "all forms of terrorism". Moscow was willing to help find a solution to the Israeli-Lebanon conflict, he said. A meeting of the UN Security Council will be called soon, at the request of Arab nations, to discuss the latest tragedy, he indicated.

Charity appeals

The following charities are appealing for donations to help Lebanese civilians:

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Tel: 0171-245-1000

Help Charity Association
for Relief
PO Box 3894, London
NW1 6PT
Tel: 0171-724-7999

Islamic Relief
151B Park Road
London NW8 7HT
Tel: 0171-722-0039

URGENT APPEAL

CRISIS IN LEBANON

Within minutes of the shelling of the U.N. base near Tyre in Southern Lebanon, the Red Cross was on the spot providing vital medical aid to the injured.

The Red Cross is currently the only international aid agency providing assistance throughout Southern Lebanon. We are distributing supplies to medical centres and clinics. We are giving mattresses, blankets and vital food aid to people who have left everything behind. And we are deploying 32 ambulances and 25 mobile Red Cross clinics to the areas of greatest need.

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JOHN RENTOUL

Political Correspondent
World leaders will today discuss the Israeli shelling of the UN peacekeepers' base in Lebanon, the Prime Minister said as he set off from the Ukraine to Moscow yesterday.

John Major said he wanted to discuss "this dreadful loss of innocent life" with other heads of state at the meeting of the G7 world economic powers.

"What we have to look at now is how we can prevent a recurrence," he said, adding that he had been in touch with French President Chirac, US President Clinton, Israeli Prime Minister Peres and Lebanese Prime Minister Harare.

He said he thought a solution was "possible and I don't think we are a long way away from such an agreement".

He refused to take sides in the argument about responsibility for the start of the crisis in southern Lebanon.

"Everyone can look back at the Hizbollah attacks in Israel and the Israeli attacks in the Lebanon. That is non-productive. What is productive is to make sure it doesn't happen again," he said.

In the Commons, Michael Heseltine, the Deputy Prime Minister, also took a careful line supporting the Israeli government without endorsing its at-

HOUSE OF COMMONS

tempts to punish Hizbollah guerrillas in south Lebanon. He told MPs that, looking at the issues involved in "the attacks that Hizbollah have been making on Israel", it is quite apparent that one is facing a near-intractable problem of the deepest concern to the international community.

He was pressed by Labour backbench critics of Israel, including George Galloway (Glasgow Hillhead), who condemned the Israeli attack as a "reckless orgy of violence".

Mr Heseltine said he had personally seen Fijian troops - who sustained many of yesterday's casualties - serving for the UN. "They are an immensely impressive force and they do a wholly desirable task on behalf of the wider world," he said.

Malcolm Rifkind, the Foreign Secretary, said he was "gravely concerned" at the shelling.

At Westminster, MPs divided along pro-and anti-Israel lines. Emma Nicholson, the former Tory MP who crossed to the Liberal Democrats, said the attack was "utterly unbelievable". She said: "The Israelis must stop. They are losing sympathy fast, but much more importantly they are harming and hurting countless civilians and killing even children."

MARY DEJEVSKY

Paris

The scale of the casualties caused by Israel's raids on southern Lebanon yesterday left France in an awkward position, straddled between its earlier championing of Lebanon's cause and the more sympathetic consideration of Israel's position towards which it appeared to be moving. Just when France seemed on the

FRANCE

point of combining its own unilateral peace effort with the US initiative and perhaps winning some of the credit for an eventual ceasefire, that ceasefire seemed further away than ever.

This was an unfortunate turn of events for France, which has seemed to be at least one move behind events ever since President Chirac initiated France's direct involvement by hosting

the Lebanese prime minister in Paris on Sunday. Since then, France has had to watch as the Americans arrived with their own peace plan, the Lebanese prime minister travelled to London and the Israelis continued raids which made President Chirac's "Long live independent Lebanon" call during his recent visit to Beirut sound hollow.

The French Foreign Minister, Hervé de Charette, ex-

tended his Middle East shuttle yesterday, arriving in Tel Aviv to meet Israeli and American negotiators in an attempt to co-ordinate the two draft peace plans. Tomorrow he sets off for a second visit to Syria, where he could meet the special Iranian envoy.

The latest version of the plan he is carrying is said to call on Israel to refrain from all action against Lebanese civilians, on Lebanon to avoid all action

against Israel from Lebanese soil, and on Hizbollah not to use offensive weapons against Israel - all to be monitored by third countries, including France and the US pending a longer-term solution. These details, however, were released before Mr de Charette met the American negotiators, and there was no indication of how it survived the meeting.

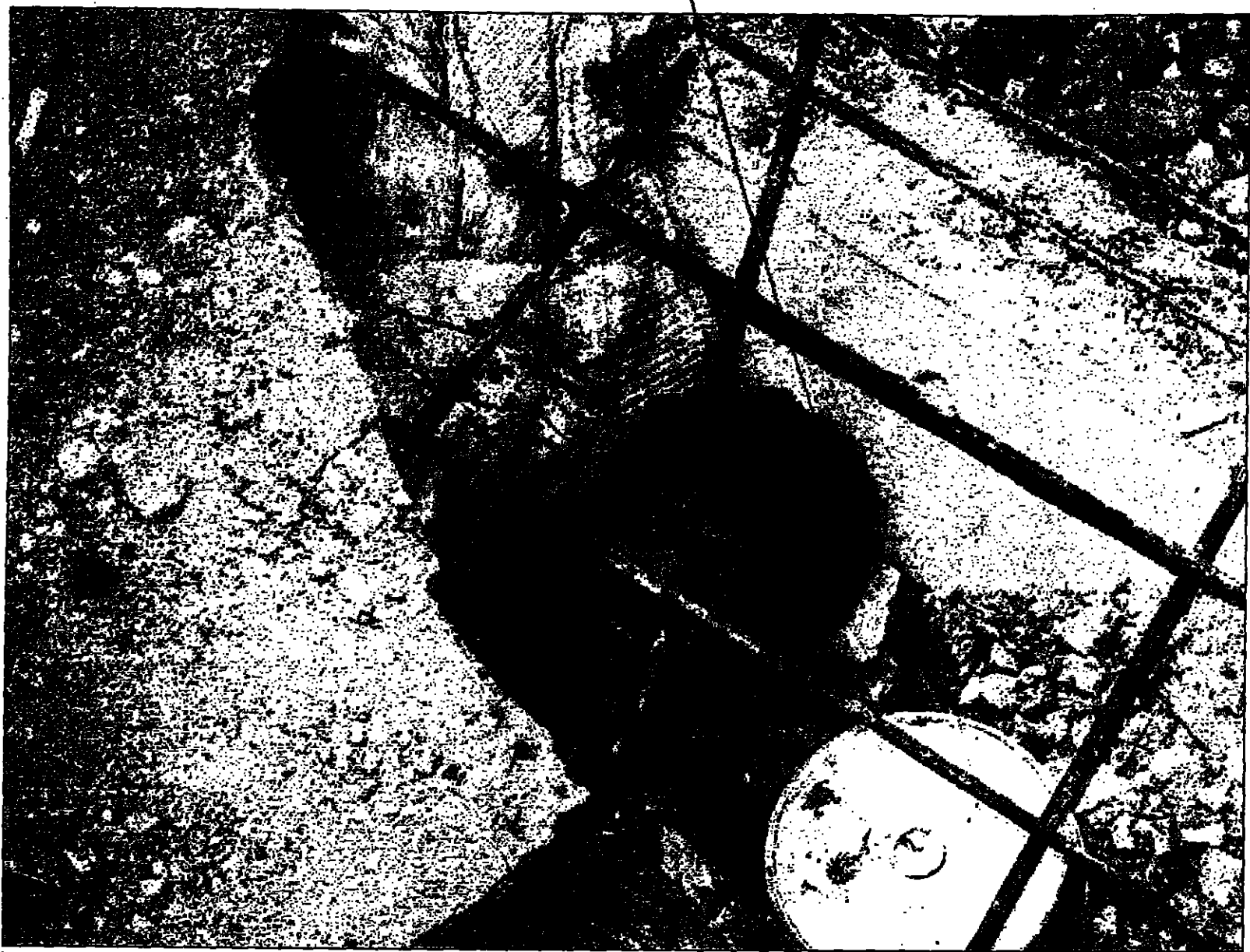
By yesterday it was already clear that France's initially

unilateral approach had been considerably diluted. Official statements spoke of "coordination" with European partners. Mr de Charette had been authorised to discuss the French plan with Americans in Tel Aviv, and there was a small rash of articles in the French media, including the pro-Chirac *Le Figaro*, recognising almost for the first time the existence both of an Israeli point of view and of an American peace plan.

MASSACRE IN THE MIDDLE EAST

sorry for the harm done to civilians'

Desperate voices go unheard as shells rain down



Trapped: A man calling for help in the rubble of a house in Nabatiyeh where 11 people were killed by an Israeli aircraft attack

Israeli déjà vu on killing fields

PATRICK COCKBURN
Jerusalem

It was inevitable and it has happened before. The slaughter of some 90 Lebanese civilians at Qana by Israeli artillery in response to the launching of a Katyusha from close to the UN post where refugees were sheltering, but this will be difficult to square with previous claims of pinpoint accuracy.

Heavy casualties were always likely and it was only a matter of time before it led to the mass death of civilians. UN officers say that Israeli heavy guns have been firing over 3,000 shells a day. The Israeli air force confirms that it has launched over 1,000 airstrikes.

The day before the killings at

Qana and at Nabatiyeh further east I was standing on the roof of the Israeli forward military headquarters at Marjayoun. It is an old yellow-painted building on a hill three miles inside Lebanon from which you can see Israeli gun positions and their targets.

Colonel Amal Assad, a senior Israeli commander, pointed across a broad valley to the tops of houses of Nabatiyeh just visible over the ridge line, and said, in a qualification which seemed ominous at the time, there was "almost nobody left" in the town. "If there are any houses destroyed they are terrorist houses," he added. "We

haven't damaged any civilian houses." The impression was that any house hit by a shell or a missile - as was one house yesterday, killing nine people - would be designated retrospectively as the home of a terrorist.

In the eight days since operation Grapes of Wrath started, Israeli military spokesmen have stressed that the air and artillery assault is far more accurate than during the Israeli invasion of Lebanon in 1982-84 or in Operation Accountability in 1993. Every precaution was being taken against hitting civilians. New "smart" guided munitions are used. Electronic and human intelligence identifies Hizbollah

targets. Even before the civilian deaths yesterday, all this was wearing a little thin because, if Israeli artillery and airstrikes were this accurate, why had they failed to stop Hizbollah firing Katyusha rockets into Israel? In fact, the Grapes of Wrath has repeated most of the Israeli mistakes of 1982-84, among them a "massive, indiscriminate downpour of bombs and shells" and carelessness about the fate of Lebanese civilians.

In launching the operation Mr Peres wanted a cheap victory six weeks before the Israeli election on 29 May. But he has created enemies with which Israel will have to deal for years to come.

ROBERT FISK
Qana, southern Lebanon

We heard the shells that killed them. From the ridge above the road to the coast, perhaps four miles south of Qana, the Israeli 155-millimetre guns were firing over our heads as we drove in a UN convoy from Tibnin to Tyre. It was just after 2pm.

All day the Israelis had been firing into southern Lebanon.

On a humanitarian convoy led by Commandant Eamon Smyth, an Irish UN officer from Dublin, I was travelling down the coast road a little after breakfast when three Israeli jets swept out of the sky and dropped three bombs 250 metres to our right, spraying the UN vehicles with debris and bouncing our vehicles on the road. When the third jet dived, the crack of the explosion was followed by the sight of an entire house - walls, roof, chimneys - plunging 30 feet into the sky in front of me. We sheltered behind the walls of a Fijian UN position, then gingerly continued our journey, carrying blankets, water and food to the refugees in Irish UN compounds as the shells hissed over the road above us.

It was on our way back that we heard the guns that would give new meaning to the offensive which the Israelis inexplicably called - and surely with deep regret today - "Operation Grapes of Wrath". One burst of fire sounded like Katyusha missiles being fired from the area of Qana but my memory insists that the sound came during - not before - the big guns fired into Qana. We could hear the Israeli rounds landing, great thumps, audible inside our thin-skinned UN vehicle. It was exactly 2.10pm when the radio crackled in the front of the truck and Commandant Smyth craned forward to turn up the receiver. "Our headquarters are being shelled," a voice said, a Fijian voice with a just a hint of anxiety. There was a confirmation from the UN's operations headquarters in Naqoura - just north of the Is-

raeli frontier on the coast - and then the Fijian voice returned, this time far less confident. "The rounds [shells] are falling here now," it said. "They are falling here now." We had heard Katyushas several times during the day, fired from across the hills. But there was no reference to them on the radio traffic; indeed, the operator at Qana may never have heard them. It was now 2.12pm.

UN operations came back over the air. "We are contacting the IDF [Israeli Defence Force]," the voice said, apparently an Irish officer. But the Fijian returned, desperate now. "Do you understand?" he shouted. "They are firing on us now. The headquarters is hit. A building in the headquarters has been demolished." We could hear that same thumping sound from across the valley as the rounds exploded on Qana. Back came the Fijian, so desperate that UN operations could not understand him. "Slow down - slow down," an Irish voice told him gently from Naqoura.

It was now around 2.20pm. The sun was high in the sky. Visibility was good. The distant sound of shells could still be heard. There were almost inaudible reports over the air. There had been six incoming rounds, then more. The guns I had heard were firing a shell every five seconds. A Lebanese UN liaison man came on the line from the burning Qana UN headquarters. "People are dying here. We need help."

Naqoura came back on the air, repeating that the Israelis had been informed. "Help is on its way, help is on its way, help is on its way." We could hear the UN's medevac emergency teams being ordered to Qana along with 70 UN armoured personnel carriers and every ambulance in the UN force command. "Air medevac is under way," a voice said, presumably at UN operations. "We have casualties, we have casualties, at least six dead." Commandant Smyth looked at me and said nothing. We both knew that there were 600 refugees in

the Fijian battalion headquarters and that they must be dying in their dozens. They were.

By the time I had passed Tyre to turn east towards Qana, the UN operations room announced that the Israelis had ordered a halt to all shelling across the UN zone to allow aid to reach Qana. It was untrue. Exactly two minutes later, the Irish UN troops at Tibnin radioed that their battalion area was under Israeli fire.

Driving at speed over the broken roads to Qana with an armoured UN ambulance and a convoy of French and Polish troops, the shelling lost its power to frighten. We could hear the bangs and thumps outside the vehicle, far away now, it seemed, perhaps in the Irish area, but the moment we approached Qana, we could see the dense clouds of white smoke rising from the embers of the Fijian headquarters. When we arrived at the front gate, I found a set of bloody footprints at the gate and then a stream of blood running from a gutted building.

So what, we were left asking. Was the justification for such a bloodbath? The Katyusha rockets - six of them - had most assuredly been fired from close to the UN compound at Qana, two minutes before the murderous burst of incoming shells. But the Israelis not only knew UN buildings were there and that they housed refugees; they could communicate via UN operations with the Fijians.

All morning I had heard UN posts across southern Lebanon receiving Israeli warnings of imminent air attacks in their area. Only a day earlier, however, UN Irish troops had to retreat from the village of Bradchit after the Israelis had been informed that they were taking humanitarian supplies into the village.

Yesterday, Fijian soldiers told me they received no Israeli warnings of incoming shellfire. All they knew was when the first rounds came crashing down upon the 600 men, women and children in the headquarters buildings.

Artillery 'error' costs scores of Lebanese lives

CHRISTOPHER BELLAMY
Defence correspondent

If the Israelis did not intend to launch a heavy artillery strike on a known United Nations base where refugees were sheltering, the only other explanation for the attack at Qana yesterday is military incompetence on a previously unthinkable scale.

Intelligence sources said they could not believe the attack was deliberately targeted against a known UN position which would have been clearly marked on Israeli maps and that it must have been a "cock-up". There were reports of a Hizbollah multiple rocket launcher battery 300 metres away, but the Israeli forces should have been very careful if that was the target, given the close proximity of a known UN base. The Fijian battalion, whose headquarters was set on fire, had been in the base for a long time. After nearly a week of continuous action it is pos-

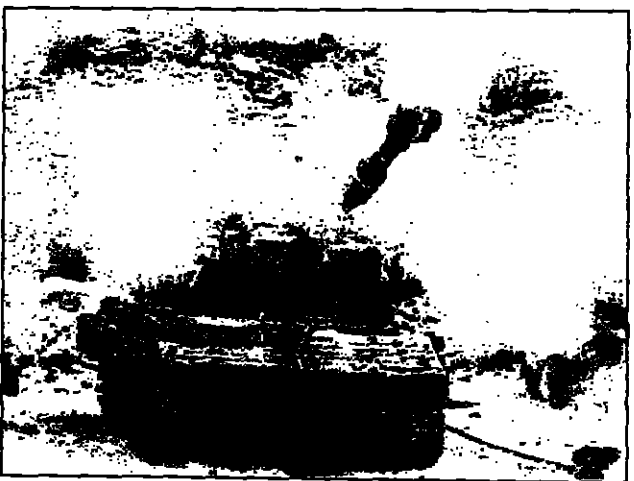
sible that tiredness and elation among the Israeli troops caused an error. If so, the error was very serious.

Since Israel launched "Grapes of Wrath" a week ago, its vaunted military reputation has been severely challenged. The attacks on Lebanese villages by Israeli aircraft have caused numerous civilian casualties, but failed in their stated aim of silencing the multiple rocket launchers which have been firing at northern Israel. The reasons are simple. A modern artillery force uses radar to plot the trajectories of incoming artillery and mortar rounds and can pinpoint the firing position within a minute or so. Rockets are harder to track, and the so-called "katyusha" ("Little Kate") rockets fired by Hizbollah forces from southern Lebanon have often been fired not from multiple mountings on lorries but from individual launching rails which can then be abandoned. Western military

experts are doubtful about the Israelis' attempted use of air power and artillery to neutralise the rocket launchers.

"Without putting troops on the ground it's a waste of time," one expert said yesterday. "They're just alienating the rest of the population and acting as a recruiting drive for Hizbollah." The Israeli armed forces have a technological edge over all their potential adversaries in the region, but there are weaknesses. Although the air force and technical troops are highly professional, many of the Israeli ground troops are conscripts.

The Polish commander of the United Nations Interim Force in Lebanon (Unifil), Major General Stanislaw Wozniak, said: "We were not aware that there was a Hizbollah position about 300 metres away." Israel has told the UN its troops have strict orders to avoid inflicting any casualties on Unifil, which has about 5,000 stationed



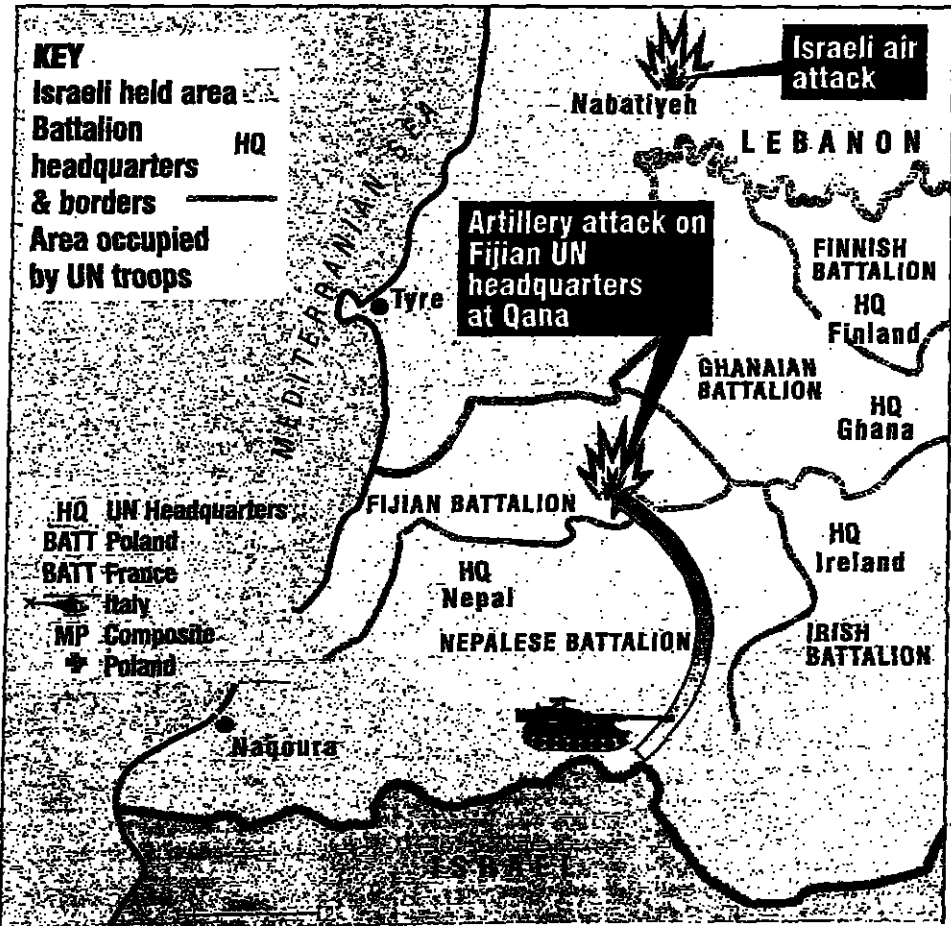
Firepower: Israeli artillery pounding southern Lebanon

troops in southern Lebanon. Five Israeli shells which landed near the headquarters of the UN base were believed to be 155mm rounds fired from American M-109 self-propelled howitzers. The shells weigh about 100lb each and when they explode can kill people up to 100 metres away.

Artillery is an "indirect fire" weapon, fired at targets invisible from the gun position, although it is usually directed by observers who can see the target. With modern mapping,

laser rangefinders and unmanned surveillance drones, the first shells should land close to the target, and the next salvo should be spot on. When "adjusting fire" artillery usually fires one round at a time, not five. Even if the Israelis were aiming at a rocket battery 500 metres away, they should not have hit the UN position and its presence should have been a major deterrent.

Instead, they hit the Fijian UN headquarters, right in the middle of the position.



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BT It's good to talk

Islamists kill 18 tourists in Cairo bloodbath

Blood spilled down the steps of the hotel, which is popular with European package tour groups, and with Israeli travellers. The hotel facade was punctured with bullet holes, and the stairs in front were littered with bags of sandwiches and water bottles that the

tourists on Cairo was on 27 December 1993, when extremists armed with guns and explosives forced their way aboard a tour bus in Old Cairo, wounding eight Austrians. But a clamp-down by police drove the militants south, and most violence in recent months has been con-

Some 920 people had been killed in Egypt in attacks involving Islamic militants before yesterday's attack. Eight were foreigners.



Despite the latest warnings Alex Woolfall, of the Association of British Travel Agents said many would continue to go because Egypt was a unique destination. "If there is a threat from terrorism on a Caribbean

A spokeswoman at the Egyptian Tourist Office, which has received calls from travellers anxious about the situation, said: "The advice at the moment is to carry on with their plans."

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U.S. warns Egyptian civil risks

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news

Hague to publish findings of abuse inquiry

ROGER DOBSON

The key findings of a two-year investigation into widespread abuse at children's homes in Cwyd, North Wales, in the 1980s will be published. But the published version may have the sections which could lead to possible libel action by individuals named omitted.

William Hague, the Secretary of State for Wales, yesterday ordered councils and the three experts who carried out the inquiry to produce a version of the report that can be safely published. He has also not ruled out the idea of a public inquiry called for by the original inquiry team. Mr Hague has also instructed the councils to give the police and prosecution lawyers the full copies of the report to look for any grounds for reopening investigations.

About 300 cases were originally referred to prosecuting solicitors by the police but only eight men were prosecuted. Mr Hague is also unhappy about reports of pressure by insurance companies halting publication of the report.

"Suggestions that consideration relating to insurance cover prevent public interest being satisfied seem to me to be unsatisfactory," he said.

In a hard-hitting letter to Tom Middlehurst, chairman of Flintshire — one of five councils to take over local government responsibility from Cwyd following re-organisation last month — Mr Hague criticises the way the report has been handled. "It is a matter of great regret that a local authority should apparently have commissioned an inquiry into the important and sensitive issue of child abuse in such a way that not even the findings and conclusions of the inquiry team can be made available to the public... the present situation is totally unsatisfactory," he wrote.

"The legal advice you have received suggests that the report cannot safely be published in its present form. Concerns about possible libel mean that publication could give rise to risks of grave injustice to individuals."

Water shortage: Dry winter kept reservoirs low but regional firms pledge to maintain supplies

Millions face more drought this summer

NICHOLAS SCHOON
Environment Correspondent

England faces a drought much deeper than last year. At a time of year when reservoirs should be near to overflowing after winter rains, they are only about two-thirds full or less across much of the country, due to far below average rainfall.

From now until next winter, there will be no further significant replenishment of the reservoirs or the underground aquifers on which much of the country depends. Nearly all rainfall from April to October is taken up by plants and dry soil.

Already, 13 million people served by five of the big ten regional water companies are subject to hosepipe bans. But despite the lack of supply, the worst since the drought summer of 1976, almost all of them are confident that they can get through even a dry summer without drastic measures such as the use of stand-pipes.

Yorkshire Water, the hardest hit last year, said there would be no need for any road tanker operations such as those which operated during the autumn and winter. Nor would there be any question of rota

cuts, in which parts of large towns are cut off for 24 hours at a time.

Only North West Water hedged its bets on the need to take drastic measures if the summer did turn out to be extremely dry. "We have to make contingency plans — we would be remiss if we did not," said a spokesman.

The companies say they are in much better shape to handle a drought than they were a year ago because of a sudden burst of investment in building new pipelines, pumping stations and water treatment plants and in reducing leakage. According to the Water Services Association, which represents nine of them, this amounts to £350m.

This was prompted by the criticism heaped on them by the press, public and opposition politicians last summer, and by the realisation that water resources might not recover over the winter.

The worst-affected companies, North West, Yorkshire, Severn Trent, South West and Southern, have all had to find new ways of moving water around their regions from places of surplus to areas of shortage, effectively boosting their local grids in the process.

Another tactic has been to

seek drought orders from the Government, and now the new Environment Agency, which started work this month. One type of order allows them to pump extra water out of rivers during the winter, when flows are high, into reservoirs. Another type allows them to reduce the "compensatory" discharges from reservoirs into streams which maintains a healthy flow.

Jerry Sherriff, head of water resources for the Environment Agency, said: "By and large, those parts of the country that had a dry summer had a dry winter too. Rainfall has been very low for a long time."

But the vulnerable companies had planned for a dry winter and put effort into securing supplies, he said. The agency expects that if there is a dry summer, some companies will apply for further drought orders to take more water from rivers and reduce compensatory flows from reservoirs.

"We're not going to allow damaging the river and stream environments through low flows to be a soft option," he said. "Before we grant any such orders the companies will have to show us that they've tried to restrain demand from their customers."

Yorkshire supplies half full

Some reservoirs serving drought-hit West Yorkshire are well under half full.

Having spent £100m on boosting supplies, putting in new pipelines and cutting leakage over the winter, Yorkshire Water is now considering what extra measures might be needed to keep its promise of avoiding road tankers and cut-offs later in the summer.

The winter, like last summer,

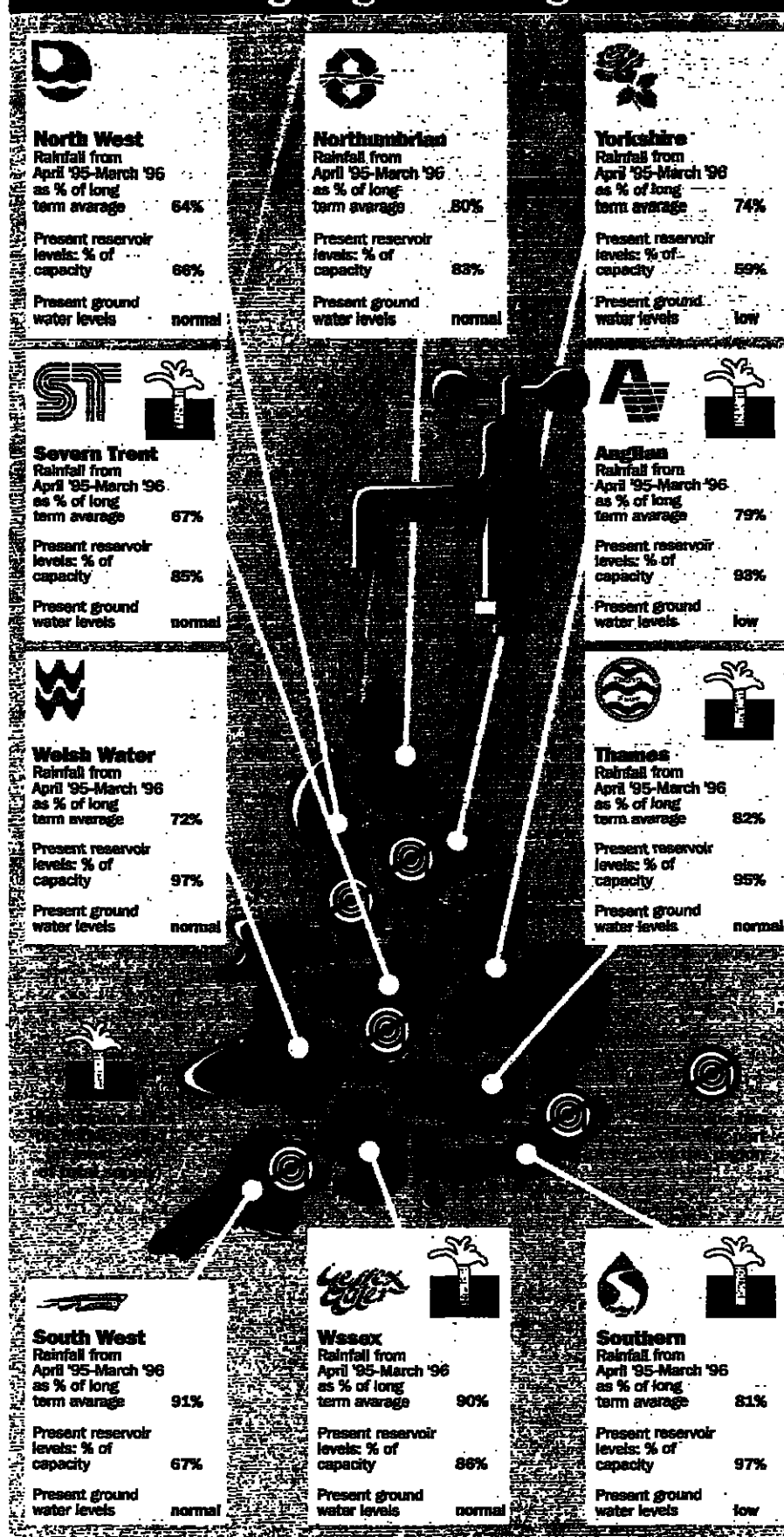
has turned out to be exceptionally dry in the normally wet west of its patch. A hosepipe ban — which has little effect in winter — already covers some 3.6 million people, and there is also a ban on watering parks, sports grounds and car washes which do not recycle water.

One option is to bring in huge quantities from neighbouring Northumbria Water's regions to

the north, using pipelines and rivers. That company boasts the biggest reservoir in Europe, Kielder Water, which has been under-used since its construction.

The £100m of investment spending in the past six months sounds impressive, but it is not huge in relation to the £1.3bn a year Yorkshire had budgeted to spend on capital works in any case.

The looming English drought of '96



IN BRIEF

New murder arrest

A second man has been arrested in connection with the murder of elderly motorist Steven Popovich. Clive Jones, 25, of Gipton, Leeds, appeared in court for the second time yesterday accused of killing the 74-year-old grandfather on April 6. Solicitor John Goodwin told Leeds magistrates his client was innocent and police had arrested a second suspect. The case was adjourned till today.

Pilot drug charge

A pilot who made an emergency landing in a Hampshire field was remanded in custody accused of possessing drugs. Graham Jones, 38, from Sydenham, was arrested after more than 30 kilos of herbal cannabis was found near where he landed his light aircraft. His passenger is critically ill after jumping into a spinning propeller.

Survey welcomed

Labour pro-Europeans welcomed a survey of Labour MPs revealed in yesterday's *Independent*, showing the party is deeply divided over Europe. Giles Radice, chairman of the European Movement, said it showed the party would move in their direction. Full details of the study by David Baker and David Scaworth at Nottingham Trent University will be published in the magazine *Parliamentary Brief* next week.

Gallery Bridge

In later editions of the *Independent* on Wednesday 17 April a model of a proposed Gallery Bridge across the Thames in London appeared with an incorrect caption. The proposal should have been attributed to Richard Horden Associates.

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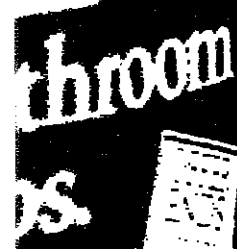
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news

Beef dilemma: Scientists and politicians seek solutions

Microwave could be key to BSE crisis

PAUL FIELD

Cattle could be put into an industrial microwave to rid them of the prions which cause bovine spongiform encephalopathy (BSE), according to scientists researching a new method of tackling the beef crisis.

If their studies are successful, the 15,000 cattle over 30 months old slaughtered every week could be kept in the food chain, bolstering the entire beef industry.

The idea is based on the use of specialist microwaves in the disposal of toxic waste from the pharmaceutical and defence industries. Scientists hope the microwaves would destroy the BSE agent and the carcasses could then be sent for processing.

The Ministry of Agriculture, Fisheries and Food is to study a detailed proposal from Harper Adams Agricultural College, which is seeking government funding for the project as a long-term strategy to avoid the destruction of cattle.

The Government has banned all cattle over the age of 30 months from entering the food chain: 15,000 dairy cows at the end of their productive life and around 6,000 prime beef cattle over the 30 months limit are to be destroyed every week.

However, the research at Harper Adams, in Newport, Shropshire, is not likely to be completed for at least 18 months and would require a live test for BSE in cattle.

Richard Bruce, director of Harper Adams Enterprises, explained that the process is not to be confused with domestic microwaving of food — the carcasses would not be cooked.

"If we are able to treat the BSE, an animal — identified as being infected by using a live test — would be killed and then made safe... These microwaves

work in the same way as laser treatment. The prions would be zapped out of the carcass. The process does not rely on heat."

Dr Bruce said the technique would be attractive to the beef industry and to consumers. "It is a clean process... The animal would be slaughtered first and then microwaved. There is no incineration, no animals leave the food chain."

However, he stressed that the project, in conjunction with a Critical Resource, a waste-disposal firm, is still in its early stages and requires government funding. "There is already interest from MAFF but no commitment as yet," he added.

Meat industry representatives have suggested to MPs on the Commons Health and Agriculture select committees that the removal of the brain, spinal cord and guts from beef carcasses might make no difference to the risk of BSE being passed to humans.

Richard Cracknell, vice-president of the Federation of Fresh Meat Wholesalers, said the chances were "billions to one" that any of the 10 Britons who developed a new strain of Creutzfeldt-Jakob disease (CJD) might have consumed parts of the tissues, now referred to as "specified bovine offals". He said that none of the SBOs had ever in his experience been used in the human food chain.

But John Baker, chairman of Britain's largest abattoir, said the only possibility was that the 10 might have eaten products from abattoirs which had not taken out the spinal cord during processing before the 1989 ban on SBOs on carcasses. He also admitted that meat had always been mechanically recovered from the spinal column, until the practice was banned last November.



Animal magnetism: Visitors at an exhibition of wildlife art at the Natural History Museum in London, which runs until 22 May. The show brings together both historical and contemporary work by more than 300 artists from around the world. Photograph: Kalpesh Lathiga

Midland tuned to ITV for £2m

Midland Bank has paid £2m to sponsor drama output on ITV for the coming year, it was announced yesterday.

Programmes such as *Shape*, *Prime Suspect*, *Morse* and new films such as Jane Austen's *Emma* and Daniel Defoe's *Moll Flanders* will begin with an introductory Midland sequence.

There are existing sponsorship arrangements on the commercial channels. Among the biggest deals, Coca-Cola sponsors ITV films and *Coronation Street* has backing from Cadbury Schweppes.

But ITV yesterday called the Midland deal "the most ambitious and complex... to date".

It was the first to involve the corporate sponsorship of a group of different programmes across the ITV network, it said.

Midland's chief executive, Keith Whitson, said the company was "delighted" to be associated with "the very best of British TV drama".

He said: "Since the programmes are likely to be watched by some 90 per cent of the population, we will be reaching into every community we serve in the country."

"With the banking and financial services market becoming increasingly competitive, it is critical that Midland looks to develop innovative new opportunities."

Masari can stay for 4 years

Home Secretary Michael Howard has been forced into a humiliating climbdown over a bid to expel a leading Saudi dissident from Britain.

Islamic militant Dr Muhammad Al-Masari was told yesterday he could remain in the country for the next four years — and then apply for a further extension.

The move came a month after the Home Office was told by an immigration appeals tribunal to review its decision to throw out the Saudi opposition leader.

Ministers were under heavy pressure from the ruling Saudi royal family to deport Dr Al-Masari or place in jeopardy a multi-billion pound arms deal.

The compromise deal announced today stopped short of full asylum but was accepted by Al-Masari as the next best option. Labour dubbed the decision a "profound humiliation" for Mr Howard and claimed he was paying the price for flouting international human rights agreements.

It was not immediately clear whether the Saudi authorities would press ahead with their

threat to scupper the massive Al-Yamamah defence deal.

Defence Minister Nicholas Soames broke the news of the forthcoming announcement during a visit to Saudi Arabia.

A senior Whitehall official said: "We are leaving it to them to make what they want of it. We explained the position to them and we believe they understand the reason for the decision." The Saudi ambassador to London, Dr Ghazi Algosaibi, put a brave face on a decision that will have come as a bitter blow to an authoritarian regime that regards Dr Al-Masari as one of its chief tormentors.

"We have never asked the British Government to violate its own laws, nor will we do that in the future," he said.

"Earlier attempts to expel this dissident were taken within the framework of the British legal system and the new decision is taken within the same system."

Immigration Minister Ann Widdecombe said the Government hoped the negotiations would "continue in the usual way" and made it clear that the decision on Dr Al-Masari was reached with great reluctance.



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DAILY POEM

Mississippi River Bridge

By Dave Smith

Running after dusk, I see the far southwest corner of the lake shaken. Is it rising up? Girders gleam in glaze of sun, the highest peak wheels or feet can scroll over in this land, no mountains, cliffs, gorges, wooded vistas, little to make the heart thud for luteness of man, except the slow clay-brown swell the Mississippi drags past like hope, murky water deeper than the bridge lifts in the air, its movement hungry for our tossed nightmares. We need crossing points to go, delighted as birds, where all is down and swept under, but us, when we grin toward snaky lights far off, still running

Dave Smith is one of America's leading lyric and narrative poets and the author of over a dozen books of poetry. Much of his poetry is set in the rural south and his poetic set is crammed with the detail of its heat, dusty roads, racial tensions and close communities through which run, as a real and metaphorical symbol, the vast ribbon of the Mississippi. This poem is taken from his new collection *Fate's Fate*, published by Louisiana State University Press at £9.95.

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Passengers bid farewell to the Viscount

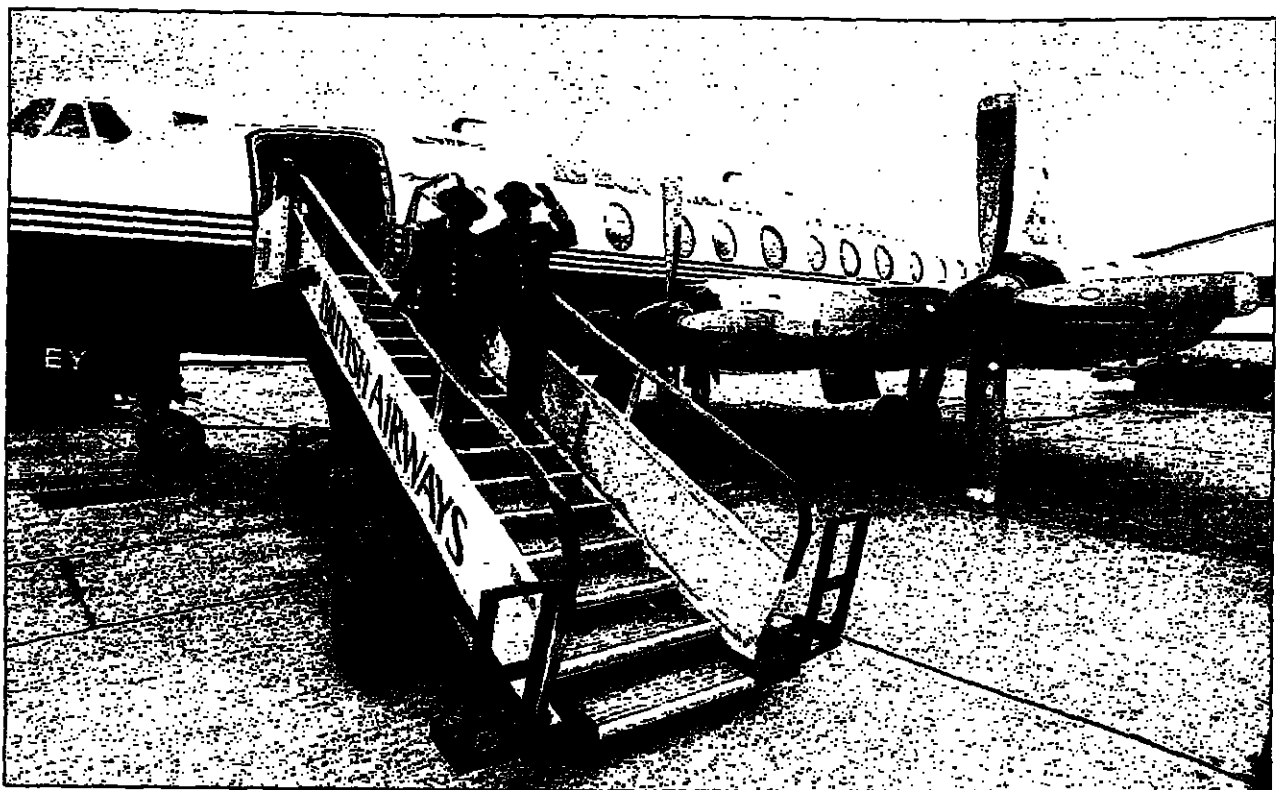
CHRISTIAN WOLMAR
Transport Correspondent

Prince Philip will be delighted. The last Vickers Viscount to carry passengers took off from Heathrow yesterday, almost 46 years after the first passenger flight of the aircraft's prototype. The workhorse of the skies during the 1950s and 1960s will in future only be used for cargo flights in the UK because British World Airways will no longer use them for carrying North Sea oil workers.

Prince Philip, clearly, will be glad to see the back of them. Writing from Windsor Castle, he said: "The distinctive whine of its Dart engines were very familiar over this castle for years." He added that the aircraft's passengers - he was on one of the early flights - "will be pleased that it is being given a suitable farewell into retirement".

It almost did not happen. BWA has three Viscounts still fitted for passenger use and the one due to be used for yesterday's hour-long trip for VIPs was driven into a temporary fence by an engineer making preparations at Stansted airport. BWA faces a £45,000 bill and had hastily to fly down one of the other two Viscounts from Scotland for the ceremony.

The 70 passengers included the original designer of the aircraft, 87-year-old Sir George Edwards, and Lord King, the president of British Airways whose predecessor, British European Airways, was the launch customer for the aircraft, 444 of which were eventually built. While BWA has had no mishaps



Away day: Yesterday's farewell trip, above (Photograph: Nicholas Turpin) and the Viscount in its heyday, right

with its Viscounts since it bought them from British Airways in 1980, the aircraft's safety record is not that good with around 25 per cent having ended their days prematurely following some form of accident.

There was to be no such problem yesterday, though there were a few white knuckles as the old crate took off from Heathrow in a strong crosswind.

The pilot, Captain Colin Towle, claimed "the turbulence isn't too bad". He might have felt so but at 1,500ft a few passengers were eyeing their sick-bags.

The foolhardy wanting to experience a flight in a Viscount can still find them operating in Zaire, Colombia and Indonesia, with airlines such as Bouraq, Filair Spri, Mandala and Sankuru. Bon voyage.



Schoolboy killed 'because he was black'

MICHAEL STREETER

A black schoolboy was murdered by a gang of white youths simply because of the colour of his skin, a court heard yesterday.

Stephen Lawrence, 18, died from two stab wounds inflicted by racist attackers, motivated by a "deep-felt hatred" of blacks, the Old Bailey was told.

Michael Mansfield QC, prosecuting, told the all-white jury: "There can be no mistaking that it was an unprovoked, unwarranted attack by those who hold not just racist views but racist views which involve the desecration of those who are black by injury and possibly death."

"Whoever did this was someone who had a deep-felt hatred of black people existing."

Later, Stephen's friend, Dwayne Brooks, described seeing Lawrence stabbed and then collapsing on the ground "with blood running on the floor".

Three white youths are the subject of a private prosecution brought by the Lawrence family. Gary Gibson, 20, of Bromley, south-east London; Luke

Knight, 19, of Eltham and Neil Accourt, 20, of Eltham all deny murder.

Mr Mansfield outlined the events leading up to the killing on 22 April 1993, almost exactly three years ago. Lawrence, a pupil at Bluedart School, south-east London, was a "ordinary" young man who started that day not knowing it was to be his last.

He and Dwayne Brooks were on their way home from an evening with Lawrence's uncle when they stopped at a bus stop in Wellhall Road, Eltham after 10pm, said Mr Mansfield.

Soon afterwards, they were approached by a group of four to six white youths - whom the prosecution say included the defendants - one of whom shouted "What, what, nigger" to them. When approached, the black youths tried to run off but Lawrence was not as quick to escape as his friend, Mr Mansfield said.

The schoolboy was surrounded and struck by an over-arm blow with a weapon such as a "rather large kitchen knife".

Two wounds, on either side

of his chest severed vital arteries and Lawrence was pronounced dead on arrival at hospital.

Mr Mansfield said the jury might think that the white youths, who fled into the night, had only one object on their minds that evening, which was to cause serious injury to one or other of the black youths. "This attack was swift, merciless and vicious. They approached together, attacked together and disappeared together."

Mr Brooks, 21, told the jury that one of the white youths had stabbed his friend "with something long". He described the youth at the time as white, 5ft 8in, aged 18 to 22 with an oval face and frizzy hair. He said Lawrence had tried to run away after the attack but collapsed and he saw blood running on the floor.

"I called an ambulance from a phone box" said Mr Brooks. An off-duty policeman eventually stopped his car to help but Stephen died within half an hour, the jury heard.

The hearing was adjourned for legal argument. The case continues.

Church leader 'was hounded'

A leading churchman accused of sexual assault yesterday claimed that he was the victim of a conspiracy in the Church of Scotland.

Professor Donald Macleod, who is head of systematic theology at the Free Church College in Edinburgh, said that he had been put in an "absurd situation" by the allegations against him.

Edinburgh Sheriff Court was shown a video recording of a police interview in which he said the claims made by one of his accusers, a 35-year-old female lecturer, were "completely untrue". He said they were "fabricated".

Professor Macleod, 55, denies five charges of sexual assault involving four women from 1985 to 1991. He was cleared of a sixth charge on Wednesday after legal debate over the date of the alleged incident.

Professor Macleod told police that he had been "hounded for 10 years" by people in the church who had taken allegations against him to the church authorities, although the complaints had been thrown out. He said one of his accusers, a 35-year-old woman, was close-

ly involved with people who were part of a "wider conspiracy" and claimed her statements had changed over time.

He also claimed that a letter accusing him, written by a 36-year-old woman who now lives in Tasmania, Australia, had been instigated by a Rev John Murray. The court was earlier told that a special fund paid the woman's airfare so she could give evidence.

Andrew Hardie QC, for the defence, asked Sheriff John Horsburgh to return not guilty verdicts on three of the charges.

Scottish law requires supporting evidence from a source other than the alleged victim before a charge can be proved. In this case the Crown is relying on a rule which allows similar charges to support each other.

Mr Hardie argued that the charges could not be supported by each other since they were not similar in character, circumstances and time. He pointed out that one was far more serious than the others, and another concerned an incident alleged to have occurred five years after the others.

The case continues.



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The emotional effects can be just as painful as those caused by more obvious forms of abuse including low self-worth, humiliation, loneliness, depression and an inability to relate to others. Some children have even been driven to kill themselves.

Because of all this, the NSPCC has launched a campaign called

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Disillusionment: Basildon town centre yesterday, still feeling the hangover from the recession Photograph: Jane Baker

do." No one seems to doubt that Labour will be in control. Basildon is bustling, but the recession hangover remains. Unemployment is still above the national average at 10 per cent, and some of those who bought property even three years ago are still in negative equity. And there is anger over the defection of David Amess MP

On the doormats, canvassers report less anger against the Tories than last year, more resigned disillusion. And Conservative hopes are bolstered by some signs of disillusioned activists like Liz Cooksey returning to the fold. She said: "we used to have a great organisation in this ward, but now there's nothing". Without much enthusiasm, she is setting aside her own views to help with the party's privatisation to resist "because there's an election coming up".

John Potter, the Labour group leader, who last led the council in the 1970s, is confident of victory. There will, he says, be an element of "punishing the Tories" on 2 May. "But it's also, I think, because we can offer hope for the future."

Clarke plays it prudent over tax cuts

Inside Parliament

Stephen Goodwin

John Redwood, last year's Tory leadership challenger and MP for distinctly non-maritime Wokingham, told a rally there was "a smell of brine in the air" and made to beat Drake's drum. "If we cannot get justice in Europe then we must assert our right to govern ourselves," he said.

Unbowed, the Chancellor said Mr Brown's history of forecasting was "dreadful".

"He advised his party not to vote against the tax cuts that I was able to introduce in the last Budget - one of the few wise decisions, indeed of the few decisions of any kind, that he has ever taken."

Next year's borrowing requirement would be below £30bn, Mr Clarke insisted. "It is quite clear the borrowing requirement is on a downward path towards balance in the medium term."

He had predicted inflation would move towards 2.5 per

Labour nursery plan

Labour would withdraw the Government's nursery vouchers within a year of being elected and would offer a free part-time place to every four-year-old within 18 months, the party's education spokesman said yesterday, writes Fran Abrams.

David Blunkett declined to say how long it would take the party to fulfil its commitment to a nursery place for every three-year-old or to full-time places for four-year-olds, however.

Details on how many new teachers would need to be trained were not available.

Launching a campaign against the nursery voucher scheme, which began this week, Mr Blunkett said Labour would honour existing vouchers which had already been sent to parents but would withdraw them after that. He added that the £20m cost of administering vouchers would be put into providing education for four-year-olds.

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Yeltsin to glory in Moscow summit

PHIL REEVES
Moscow

World leaders, including John Major and Bill Clinton, will convene in Moscow today for what is billed as a summit on nuclear safety but which is also an elaborate display of personal support for Russian President Boris Yeltsin as he campaigns to win a second term in the Kremlin.

The gathering of the Group of Seven leading industrialised nations is being held at the suggestion of Mr Yeltsin, who faces a strong Communist challenge in June's presidential election. Although western diplomats admit the summit, which comes less than a week before the 10th anniversary of the Chernobyl disaster and covers a pot-pourri of issues on nuclear safety and security, is unlikely to produce any historic developments, they have been touting it as an important opportunity to forge closer relationships over critical nuclear-related issues.

Of these, there is no shortage. The G7 (or G8, as Russia prefers) will discuss, and almost certainly accept, proposals for their security services to co-operate more closely in efforts to clamp down on the theft and smuggling of fissile material, reducing the risk that weapons-grade materials could fall into the hands of terrorists.

It will endorse an agreement to shut down Chernobyl by the end of the century, and discuss closing similar ageing RBMK reactors - of which there are 15 in the former Soviet Union - and tightening controls on others. Officials say there will be talks over the disposal of nuclear waste and completing a comprehensive test ban treaty. Russia can also expect to be under

renewed pressure to sign the amended London Convention which bans the dumping of radioactive waste at sea.

But as Moscow spruced herself up for the event, a ground swell of criticism has surfaced among independent nuclear experts and environmentalists, who allege the summit does not go far enough. They claim it fails to tackle several of the most important issues - for example, the ratification of Start-2.

"Instead of a state dinner, the G7 and Russia should gather for a prayer breakfast," said Dr Tom Cochran, a senior scientist with the US Natural Resources Defence Council, one of a task force of international non-governmental organisations in Moscow. The summit's safety programme is "far too little to prevent another Chernobyl-style catastrophe", he warned.

Similar complaints have been raised by Greenpeace and other environmental groups. The more cynical have not failed to remark on the irony of the summit's co-chairmanship - Boris Yeltsin, whose military forces have dumped some of the most hazardous waste on the planet, and Jacques Chirac, still "public enemy No1" among environmentalists over France's nuclear tests in the Pacific.

This is unlikely to bother Mr Yeltsin, who has reportedly made it clear to his guests - including Mr Clinton - that he wants the lion's share of the limelight as he tries to overtake his chief rival for the presidency, the Communist leader Gennady Zyuganov.

Mindful that they may one day have to deal with him, American officials have, however, invited Mr Zyuganov to a meeting with Mr Clinton.



Not wanted: Chechen protesters in Grozny demanding the withdrawal of the Russian military presence from the republic at a demonstration earlier this year

Russia is accused of genocide in Chechnya

Moscow - Any hopes Boris Yeltsin may have had that the disastrous war in Chechnya would be quietly ignored at this weekend's G7 summit suffered a nasty setback yesterday when a leading aid agency released a damning report and accused Russia of systematically massacring civilians in the republic, writes Phil Reeves.

Departing from its usual policy of avoiding controversial public statements, Médecins Sans Frontières (MSF) accused the Russian forces of blocking humanitarian aid, targeting schools, mosques and hospitals with bombs, and firing on fleeing refugees from helicopters.

The agency, which has several bases in the war zone, released the document as world leaders began to arrive in Moscow, saying it was an "urgent call" to the heads of state to pressure the Russians to stop "gross and systematic targeting of civilians and the violations of humanitarian law in Chechnya".

Although the summit itself is about nuclear safety, Chechnya

could be raised at bilateral talks with G7 leaders. Mr Yeltsin will also not welcome a public indictment of his failure to settle the 16-month conflict.

Another brutal reminder came yesterday when the Russian military revealed that 53 of its troops - twice the number first reported - were killed in Tuesday's attack on a convoy by Chechen separatists.

"It is not easy for the MSF to make this kind of call," said Dr Eric Goemere, the agency's director-general, "but we feel that doctors and bandages are not enough to stop this massacre any more." The agency had "very strict rules" about speaking out, but concluded it had no choice but to do so.

Mr Yeltsin insists that full military operations in Chechnya came to an end nearly three weeks ago, after he unveiled his plan to end the conflict before Russia's presidential elections in June. He now only acknowledges there are continuing "special operations" directed at Chechen "bandits".

This is hotly disputed by the MSF, which says village after village in southern Chechnya is being bombed in a war being waged "behind closed doors". It says civilians are being singled out for attack in violation of the Geneva Convention and other international agreements.

"There are as many women and children as there are men (among the victims)," said Dr Goemere. "Can you say that a 12-year-old, or a 60-year-old grandmother [grandmother] are bandits? I don't think so."

However, it is uncertain whether the MSF's report, *Civilians Targeted, Humanitarian Law Flouted in Chechnya*, will prompt significant action from the G7 leaders.

The Foreign Office said that Mr Major will raise Chechnya with Mr Yeltsin at a meeting later today, but MSF representatives say that when they recently tried to raise the alarm about the bloodshed in Chechnya by contacting foreign embassies in Moscow, including Britain's, they were told to keep quiet.

Some people have been giving British beef a roasting lately.



Major praises 'free' Ukraine

TONY BARBER
Kiev

John Major expressed Britain's strong support yesterday for the freedom and independence of Ukraine, saying Europe needed the country to play an important role in the stability of the continent.

Speaking after more than an hour of talks with Ukraine's President, Leonid Kuchma, at Kiev's Mariyinsky palace, the Prime Minister said: "I am delighted because we are now able to visit an independent Ukraine, independent for five years, that has now set its feet firmly towards a new and different future."

Mr Major's visit was intended to underline British solidarity with Ukraine at a time when the question of future security arrangements in eastern Europe is causing increasing strains between Western countries and Russia.

Nato's plans to incorporate some countries west of Ukraine, notably Poland, are being matched by a Russian drive to reintegrate with several former Soviet republics, especially Belarus.

Ukraine, caught in the middle, has no desire at present to join Nato but is determined not to be pulled back into a Russian sphere of influence. Its

dilemma is accentuated by the fact that the spirit of Ukrainian nationalism and independence is much stronger in western regions of the country than elsewhere.

Mr Major praised Ukraine's efforts to dismantle its Soviet-era command economy and introduce market reforms along the lines that have proved generally successful in Poland and, increasingly, in Russia. "We believe that Ukraine's success is important for Europe's stability, and we are firm supporters of the independent and democratic Ukraine that is being created," he said.

Over the last few years Ukraine has been undergoing some remarkable political and economic reforms. None of these reforms is easy, but a great deal of progress has been made," he added.

Mr Major and Ukraine's Prime Minister, Yevhen Marchuk, signed two agreements covering cooperation against drug-trafficking and the confiscation of profits made from organised crime.

Mr Kuchma, a former director of the world's largest missile plant in Dnipropetrovsk, and Mr Major reviewed issues of nuclear safety that are to be addressed at a summit in Moscow today and on Saturday.

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international

One year on: Mourners still pin children's toys to the fence around the site where 168 people died in a terrorist bomb blast

Oklahoma City centre becomes a place to cry

TIM CORNWELL
Oklahoma City

All that remains of the nine-storey Alfred P. Murrah federal building, where 168 people died and another 600 were injured, is a battered rectangle of uneven ground surrounded by a low wall and a seven foot wire fence. The building was levelled a month after the blast, one year ago today. Fresh turf was laid for the anniversary ceremonies.

Survivors, family members, Vice President Al Gore and more than 1,000 journalists were gathered for a memorial service beginning with 168 seconds of silence at 9.02am.

Judy Kidwell, 50, who a year ago ran from the first floor with her ankle broken in two places, chose this week to return for the first time to the site of a building that housed everything from the Secret Service to social security offices and a bank.

After the bomb struck, people on the fourth floor were found by their desks on the first, as the floors collapsed.

"A year ago this was a beautiful building full of wonderful people," said Ms Kidwell, a court house worker who lost several close friends. "Things were bustling, busy, people coming and going all the time," she said. "Now this is a place people come to cry."

A city called the buckle of the Bible Belt, proud of a hard-working prairie solidarity, has been surprisingly slow to renovate the city centre site, which still looks like a scene from the Blitz. Of more than 100 buildings damaged several of the nearest, including some churches, are still empty shells with boarded doors, with façades and roofs torn off.

"Our God Reigns and We Will Remain," says a defiant notice at the First Methodist, but the tarpaulin is peeling off a blackened tower, and the frame from half a shattered rose win-

dow lies on the ground. The "survivor tree", a tattered oak across the street from the blast, has only a few sickly green sprouts. Only slowly, Oklahoma City is recovering from a tragedy that brought terrorism to the American heartland and produced the same kind of shared national grief that followed the shootings in Dunblane, Scotland.

Four-year-old Brandon Denny, one of the six children who survived in the basement nursery where 15 others were killed, has recently learned to walk by himself. Aren Almen, mother of Baylee Almen, killed one day after her first birthday, has been befriended by the fireman, Chris Fields, who cradled her body as he carried it from the wreckage, the moment captured in a photograph which became the defining image of the disaster. While the city waits designs for a monument, the wire fence itself has become the unofficial memorial.

There was an Easter bunny and a birthday card pinned there for Baylee this week. People have left earrings, hair pins, baby booties, endless stuffed toys and even nappies with messages attached.

"They felt like they needed to leave something," said Bill Welge, an archivist at the Oklahoma Historical Society, whose staff have week by week stored the offerings in a warehouse on the edge of town that now contains 200,000 items. Oklahomans described the anniversary as an important stage in the grieving process.

But there will be no closure, they say, until the trial of alleged bombers Timothy McVeigh and James Nichols, now threatening to drag on well into next year. Many believe the two men are guilty but after the OJ Simpson trial say cautiously they will wait for the jury's verdict.

Randy Ledger, a maintenance worker whose jugular was cut

and face badly scarred as he was thrown through the building by the blast, pointed to the spot where he was found. "Hate inspired this," he said. "I pray for whoever did this, because they had hate in their heart."

Margaret Woodworth from Cambridgeshire, married to a US serviceman and now an Oklahoma City resident, came with her English grandchildren to leave two teddy bears. "For all the little children from a little English rose," the attached message read. "We are just drawn down here," said Mrs Woodworth. "It is something that compels you."



Remembrance day: The site of the Alfred Murrah building in Oklahoma City, which has remained undeveloped since the blast

Photograph: AP

tell me one good thing about your bank

RUPERT CORNWELL
Washington

Dismissing strong protests by civil liberties groups, the US Congress is passing legislation which will sharply reduce the appeal rights of Death Row inmates and probably lead to a significant increase in the number of executions here.

The measure, part of the anti-terrorism Bill which Congress wants to send to the White House to mark the first anniversary of the Oklahoma City bombing, was approved in the Senate by an overwhelming bipartisan margin of 91-8 and was expected to attract similar support in the House. Though he has misgivings about other provisions in the legislation, President Clinton has indicated he will back the legislation.

The changes, long demanded by state prosecutors and relatives of victims, are aimed at reducing the long delays between the sentencing and execution of a convicted murderer, resulting from the multiple possibilities of appeal offered by the parallel state and federal judicial structures.

Under existing habeas corpus rules, an appellant has recourse to three layers of state courts, and three levels of federal courts. Skillfully manipulated, the process can be spun out for

decades, to the anger of death penalty supporters who claim that most of the appeals are either frivolous or repetitious.

At present, more than 3,000 prisoners are on Death Row. According to the anti-capital punishment Death Penalty Information Center, the average wait between conviction and execution is eight years, but in some cases 20 years or more can elapse before a sentence is carried out. In California alone, 436 people are on Death Row, yet the state has only executed three people since capital punishment was restored in 1977.

The new Bill, due for a House vote late yesterday, sharply limits the rights of a federal judge to intervene in state cases. Henceforth, he will only be able to overturn a death sentence passed by a state court if it was caused by "an unreasonable application of federal law". Inmates who have lost appeals in state courts will be allowed only one appeal to a federal court, which must be filed within a year. The federal court must then give its ruling within six months.

Advocates of capital punishment say the appeals process should thus be kept to two years or so, but opponents insist that the new rules will virtually guarantee miscarriages of justice.

US proposal offers hope for Korean stand-off

Amid rumours of further military tension on the Korean border, North Korea announced yesterday that it was considering a proposal by South Korea and the United States to convene four-way talks aimed at bringing permanent peace to the divided peninsula, writes Richard Lloyd Parry.

In a statement carried by the official Korea Central News Agency, the North Korean Foreign Ministry responded for the first time to the idea of a conference bringing together the US and China, as well as the two Koreas, saying it was not yet

certain whether the proposal was aimed at concluding a "genuine peace agreement between the signatories to the Korean armistice agreement." They were, they said, examining the proposal's feasibility.

The suggestion came out of a summit meeting on Tuesday between President Bill Clinton and the South Korean President Kim Young-sam, and represents the latest attempt to end the armed stand-off which has divided the communist north and the US-backed south since the end of the Korean war in 1953.

Clock spins back for Aborigines

ROBERT MILLIKEN
Sydney

Less than seven weeks after its election, Australia's conservative coalition government has moved to strip Aborigines of autonomy over their affairs, provoking a confrontation with black leaders who accuse Canberra of turning race relations back half a century.

Aboriginal leaders around the country united yesterday in a chorus of condemnation as the Liberal-National government headed by John Howard declared its determination to push the changes through.

"Sentiment in the Aboriginal community is now reaching a state of siege," said Roberta Sykes, head of the Black Women's Action in Education Foundation and a winner of the Australian Human Rights Medal. "It seems the government has said 'To hell with

them' and spun the clock back 30 years. By 2000, Australian race relations may have slipped back 100 years."

Mick Dodson, a leading Aboriginal bureaucrat, said: "Aborigines' relations with the Australian government are now at crisis point." His view was supported by Noel Pearson, head of the Cape York Land Council in north Queensland, who said: "This government's approach to indigenous affairs could see Aborigines return to the confrontational approach of the 1970s." He added that this could lead to great unrest during the 2000 Olympics, which will take place in Sydney.

Their anger has sparked from Mr Howard's announcement that the government would remove autonomy for spending on Aboriginal affairs which now rests with the Aboriginal and Torres Strait Islander Commission. The commission, based

in Canberra and largely run by blacks, is the supreme policy-making public body over Aboriginal affairs. In its six-year life, the commission has become one of Australia's most turbulent bureaucracies; it has a budget of 1bn Australian dollars (£500m), and almost 600 elected councillors.

The commission's critics, including prominent Aborigines, accuse it of being an expensive failure. They cite the fact that Aborigines still have one of the world's most appalling health standards and a life expectancy 20 years below that of whites.

Cofia Tatz, one of Australia's most prominent writers on race relations, said yesterday: "Unless the bully-boy stuff ceases and some wise action begins soon, by the time we get to the Olympics the stage will be set for confrontation that the world's cameras will be only too eager to film."



Dreamtime: Gough Whitlam, then Prime Minister, pours earth through the fingers of Vincent Liangal in 1975 to mark the first Aborigine land rights. Photograph: Penny Tweedie

The night George lost it all

There are a number of theories as to why George Bush lost the 1992 presidential election but the most plausible is the simplest. The American public could not live with a leader who threw up in the lap of his host, in full view of the television cameras, as Mr Bush did so memorably in January of that year, delivering the contents of his stomach with minimal ceremony into the trousers of the Japanese Prime Minister of the time, Kiichi Miyazawa.

It is understandable that both the Japanese and Mr Bush's successor were terrified of a repeat performance on Wednesday night, when Bill Clinton was guest of honour at the Imperial Palace. To ensure that, should the worst happen, the world would this time not know about it, the Japanese authorities insisted that pre-positioned television cameras be turned off, turned away from the tables and aligned parallel with the wall.

PEOPLE



Uncanny: Kenneth Clarke (below) whose words echo Granny Vanga (top)



Two weeks ago we drew attention to the uncanny resemblance between the pronouncements of a Bulgarian soothsayer named Granny Vanga and those of our Chancellor, Kenneth Clarke. The evidence of Mr Clarke's consultations with the blind octogenarian was limited at the time to some telling echoes of the old lady's vague optimism in Mr Clarke's statements.

This week, however, in a move that can only fuel speculation, Mr Clarke went to Sofia. The pretext was to attend the annual meeting of the European Bank for Reconstruction and Development. But he took the opportunity while there to address the vexed question of Britain's participation in European monetary union.

It was, he said, "perfectly possible that Britain might be a participant in economic and monetary union". The words could have fallen from Granny's own lips. The suggestion of certainty in the word "perfectly", immediately undermined by the word "possible", then squashed with the word "might": those other politicians who visit Granny for guidance would surely recognise her style. But

these suspicions should not bring shame on the Chancellor. If it was Granny Vanga who gave Mr Clarke the confidence to stand by his "hunches" and keep interest rates down in the face of Eddie George's economic "wisdom", perhaps we should be thankful he is so open to advice from unconventional quarters.

Nicoletta Mantovani, talking in an interview this week about the early days of her relationship with Luciano Pavarotti, complained: "At the beginning we had a lot of problems because I was bored to death by listening to opera."

Ms Mantovani has just supplanted Adua, the tenor's partner in a marriage that was 9 years old when Nicoletta was born. In the days Nicoletta referred to, the relationship was supposedly one of secretary and employer. What kinds of problems was she talking about? Did she threaten not to type his letters unless he sang a few rock numbers? Was he driven mad by ringing telephones, which were magically answered once he agreed to make a record with U2?

Whatever happened at the beginning, however, everything has worked out in the end. "The last year was hell... because I don't like to tell lies," she was quoted as saying. "Since the truth has been revealed I'm happy."

James Roberts

IN BRIEF

Four die in rush for Bosnia deadline

Tuzla — Four members of the Nato-led peacekeeping force in Bosnia died yesterday as the midnight deadline for the former warring parties to pull back soldiers and heavy weapons approached. A Dane and a Lithuanian were killed in a landmine explosion and two Swedes died when their armoured personnel carrier plunged off a road. A Nato spokesman said the deadline was unlikely to be met, even though the three sides were trying "as hard as they can". Under the Dayton peace agreement, the parties were obliged to withdraw to barracks some 150,000 soldiers, and to move 800 tanks and other weaponry to storage sites previously approved by Nato. AP

Train crash in India kills 60

New Delhi — A passenger train rammed into a stopped freight train in central India, killing at least 60 passengers, the Press Trust of India reported. The passenger train was travelling from Gorakhpur, on the Indian border with Nepal, to Gonda in the central state of Madhya Pradesh when it collided with the freight train at Domimgarh railroad station. AP

Freed son vows to defend dictator father

Tirana — Ilir Hoxha, 47, eldest son of the late Communist dictator of Albania, Enver Hoxha, completed a one-year jail term for inciting hatred but said that prison had not made him repent. Sentenced for publicly denouncing the leaders of the ruling Democratic Party and the people who toppled the old regime, he vowed to continue defending his father. Reuters

Malaysia returns boat people to Vietnam

Kuala Lumpur — Malaysia took 317 Vietnamese illegal immigrants on buses under heavy police escort to a navy base on the east coast, where they will return to Vietnam the same way they left — by boat. Among the boat people are children born in Malaysia who are going to Vietnam for the first time. The immigrants are the first to be returned from Malaysia under the United Nations Orderly Departure Programme — forcible repatriation for immigrants who refuse to go back voluntarily. Reuters

Cambodia renews efforts over hostages

Phnom Penh — Cambodia may need help from Thailand to free a British mine remover and his Cambodian interpreter who were kidnapped by radical Marxist guerrillas, a government official said Thursday. Christopher Howes, 36, of Bristol and Cambodian Houm Hourth, 30, were abducted by Khmer Rouge guerrillas near the 11th century temples of Angkor Wat in northwestern Cambodia on 26 March. They had been working with the British-based Mines Advisory Group, a demining organisation. AP

France says 'Non' to gay weddings

Paris — France has turned down a request from Sweden to allow homosexual couples take romantic trips to Paris to be wed in the Swedish consulate there, the Swedish embassy said. Sweden, which has allowed gay couples to be wed in a ceremony similar to a civil marriage since January 1995, asked France to let it stage the weddings in its Paris consulate, where about six heterosexual couples are married every month. Reuters

Colombian lawmaker released unharmed

Bogota — Jose Maya Garcia, a key Colombian lawmaker kidnapped by leftist rebels over the weekend, was released unharmed late on Wednesday by the National Liberation Army (ELN), in the same southwestern Valle del Cauca province where he was abducted on Sunday. Reuters

Abraham Lincoln's image

New York — An autographed photo of former United States President Abraham Lincoln sold for \$39,100 (£25,400) at Christie's, leading a sale of rare signed photos of some of the most famous politicians, scientists and cultural figures of the past 150 years. Karl Marx, Queen Victoria, Pope Paul VI, Charles Darwin, Benito Mussolini, the Beatles, Claude Monet, Helen Keller and Sigmund Freud were among up to 300 celebrities and historical figures whose signatures were on the block, but composer Gustav Mahler's photo brought the second highest price, \$25,300. Reuters

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Professor Denis Sargan

Denis Sargan was one of the world's leading econometric theorists, playing a central role in establishing the technical basis for modern "time-series" econometrics. In a distinguished career spanning more than 40 years as a teacher, researcher and practitioner of econometrics, Sargan transformed both the role of econometrics in macroeconomic modelling and the teaching of econometrics. He was Professor of Econometrics at the London School of Economics for over 20 years, eventually becoming the Tooke Professor of Economics and Statistics, and the dominant influence on British econometrics throughout that period.

Sargan was born in Barnsley, Yorkshire. His early ability at mathematics won him a place at Doncaster Grammar School and gained him a State Scholarship for entrance to St John's

College, Cambridge, where he pursued the Mathematical Tripos, becoming a Senior Wrangler. He joined the Scientific Branch of the Civil Service during the Second World War, but, on a visit to a bookshop towards the end of the war, he came across John Maynard Keynes's *General Theory of Employment, Interest and Money* (1936). He was so struck with Keynes's ideas for tackling mass unemployment that he took up economics on returning to Cambridge after the war, and completed a degree in Economics in one year.

His career began as a Lecturer in Economics at Leeds University, where he commenced research into the distribution of wealth, duopoly, production, and growth, and statistical time-series problems (comparing several series of data over a period of time).

During a visit to the Universities of Minnesota and Chicago, his interests focused on the econometric theory of estimating economic models from time-series data, and he rapidly established a reputation for insightful, rigorous and powerful analyses. This research was published in *Econometrica*, the prestigious journal of the Econometric Society, and he was elected to a Fellowship of the Econometric Society in 1963. He came to the London School of Economics in 1964 as a Reader in Statistics, joining A.W.H. Phillips (of the Phillips machine and Phillips curve) and Jim Durbin; a Professorship in the Economics Department followed in 1965.

His appointment took the LSE group to the technical forefront in research. Perhaps as importantly, he helped attract

a vibrant group of young faculty and many able students to the redesigned MSc in Econometrics. This achieved new heights of advanced teaching, and Denis Sargan can be credited with highly technical levels in all aspects of quantitative economics, adopting what is loosely called the "LSE approach" to econometric modelling.

His teaching would not please the current vogue for assessing "quality": from a few notes, the most arcane mathematics would flow with incoherent changes of notation, and key steps treated as obvious. The effect was to force his students to rework the material completely — from which ensued understanding and technical expertise that would last a lifetime. He is remembered with awe as well as affection for

the penetrating solutions he suggested after a few moments' thought on a problem that a student or colleague had struggled with for several weeks. Often he just pulled open a desk drawer and handed out his unpublished earlier analysis of the problem at hand. His modesty camouflaged a brilliant and creative mind, whose greatest difficulty was to comprehend how little most of us really knew.

By 1984, when he took early retirement, he had supervised more than 30 successful doctorates. His past students currently occupy Chairs at a host of the world's distinguished universities, including LSE, Oxford, Yale, Madrid, the European University Institute in Florence, and Athens.

His empirical research complemented and motivated much of his theoretical work. His pa-

per for the Colston Society conference at Bristol University in 1963, published in its proceedings in 1964, initiated the modern approach to time-series econometric modelling.

Sargan can be credited with the conceptual foundations of that approach, the introduction of what has since become the dominant model form, and the technical solution of several of the key specification problems. The analytical apparatus was applied to the intractable problem of 1960s wage-price inflation, and Sargan highlighted the role of real-wage resistance in wage bargains that was to prove a stumbling block for incomes policies. In workshops, he and Bill Phillips would debate the relative merits of that model versus the Phillips curve, and both questioned the existence of any "trade-off" between inflation and unemployment.



Sargan: the 'LSE approach' Photograph: LSE Photographic Unit

Election as President of the Econometric Society came in time for its 1980 World Congress at Aix-en-Provence. Sargan was made a Fellow of the British Academy in 1981, and an

honorary foreign member of the American Academy of Arts and Sciences in 1987.

He and his wife Mary Millard, whom he married in 1953, entertained most hospitably at their home, fostering a friendly atmosphere at the School. He was a keen gardener, and talked as freely about his hobby while at the LSE as he did about econometrics.

David F. Hendry

John Denis Sargan, economist, born Barnsley, Yorkshire 23 August 1924; Assistant Lecturer, Lecturer and Reader, Leeds University 1949-63; Reader 1963-64; Professor of Econometrics, London School of Economics 1964-84; Tooke Professor of Economic Science and Statistics 1982-84 (Emeritus); FBA 1981; married 1953 Mary Millard (two sons, one daughter); died Theydon Bois, Essex 13 April 1996.

Gunther Wallenda



Gunther Wallenda, aged four, balanced on his uncle Karl's shoulders, at Olympia, 1931. Photograph: Hulton Getty

Gunther Wallenda was one of the few male members of his world-renowned circus family, the Great Wallendas, to die a natural death in old age. He was 68 and died from a heart attack.

His uncle Willi was the first to die, killed while performing his highwire act in Gothenburg, Sweden, when his bicycle was blown off the highwire as he performed a solo act at an outdoor winter date. Willi had previously worked with the Bertram Mills Circus in Britain for three years in the early 1930s. In a terrible and horrifying accident in Detroit at a Shrine Circus on 30 January 1962, two members of the Wallenda troupe, Dieter Shepp and Richard Faughnan, were killed, and Mario, the adopted son of Gunther's uncle Karl, was paralysed for life. Karl and Gunther's father Herman managed to cling on to the wire as they fell, saving the fall of the girl in the act, Jane Shepp, while miraculously one member of the act, Gunther Wallenda, then aged 34, retained his balance and remained standing on the wire amid the falling bodies.

Another Wallenda, Yertty, succumbed to a spectacular fall from a 50ft-high sawpole in Omaha, Nebraska. And Karl Wallenda, the obsessive leader of the troupe for many years, continued working alone, gaining international fame from his spectacular walk across a wire above the Tallulah Falls Gorge in 1970, appearing at the 1977 Circus World Championships in London despite breaking his neck only weeks before whilst making a television film based on his life in Florida. When asked how long he intended to go on working, he shrugged: "As long as the good Lord lets me."

He met his Maker, probably in the way he would have wished to, falling from a height of 120 feet, swept off the wire by wind while trying to walk a 300ft gap between two hotels in San Juan, on 22 March 1978, a tragedy which gained front-page coverage in every newspaper of the world. He was

undoubtedly the single most famous highwire exponent since the gabled Blondin who crossed Niagara Falls on a highwire.

Karl's brother Herman, Gunther's father, acceded to his wife's plans and retired from the dangerous profession in 1969 when he was just 62, dying peacefully in 1985, aged 83. He had partnered his brother for over 40 years.

During the phenomenal career of the Great Wallendas, they received rave reviews around the world, and their triumphs and disasters were reported in nearly every language. Karl Wallenda is regarded as the greatest innovator of highwire routines in the almost 230-year history of the modern circus.

Originally from Germany, where at one time they had their own circus, three generations of Wallendas had travelled Europe with their acts before Karl, Herman and Willi ventured to Cuba for a 12-week engagement, leaving Herman's wife Lucile and the infant Gunther in Germany. In Havana, America's leading circus magnate John Ringling spotted the family, booking it immediately for "The Greatest Show on Earth". Opening in New York in March 1928, they proved a sensational success, and apart from a winter season in London with Bertram Mills Circus in 1930-31 and a summer season at the Blackpool Tower Circus in 1939 (from which, as war broke out, they fled back to America), they were associated with the Ringling Bros and Barnum & Bailey Circus until the end of 1946.

Billboard, the US show-business "bible", described the Wallendas' number as "beyond the faintest doubt, the greatest, most thrilling act". While in Europe with Mills and at Blackpool, they also fitted in engagements at the famous Cirque d'Hiver in Paris, and in 1933, during a Christmas lay-off from Ringling, appeared before the German Chancellor, Adolf Hitler, at the exquisite Wintergarten Theater in Berlin, followed by appearances in

Barcelona, and Leipzig's Krystal Palast theatre. Thanks also to the annual winter break of Ringling, the troupe was able to return to Mills in London for the 1935-36 season, working as "The Five Carols". By this time, Gunther had already been initiated into the aerial exploits of the family: he had taken his first tenuous steps on the highwire at the age of five.

When the Nazis began their offensives in the late summer of 1939, the Wallendas had wisely left Britain and returned to America, shortly after becoming American citizens. While working for Ringling-Barnum in the ensuing years, the Wallen-

das were embroiled in a tragedy not of their own making, the disastrous circus fire in Hartford, Connecticut, on 6 July 1944. The Great Wallendas were actually midway through their act when flames were spotted licking up the sidewalks and the canvas of the Big Top. As the band broke into "The Stars and Stripes Forever" to signal an emergency, the troupe, which by now numbered Gunther in its content, made a hasty descent, and none was injured save for Helen, Karl's wife, who was trampled in the panic which followed. Gunther was among those who braved the flames to rescue helpless members of the public but at the end of the disastrous day 168 were dead, and 400 seriously maimed, in the most horrendous circus tragedy of all time.

The Great Wallendas left the Ringling show at the end of the 1946 season, and for a short while uncle Karl produced his own circus, the Wallenda Circus; due to lack of business and bad weather, it lasted only weeks. Thereafter, they travelled North and South America with other circuses, and in 1955 survived an earthquake in Nicaragua, which struck at the moment that Gunther Wallenda placed his bike on the wire to cycle across. In 1961 they were with the Clyde Beatty-Cole Bros Circus, the world's largest tented show, where on 24 May that year, Monaco's Prince Rainier and his young Princess, Grace, marvelled at the Wallendas' performance.

Since as early as 1938, Karl Wallenda had been dreaming of a new trick, the ultimate feat on the high wire, a seven-person pyramid, involving four "understanders", holding two more, in turn supporting the top person, all without a safety net. They perfected an act (and practised but never publicly performed one with eight people) which was, until quite recently, never duplicated by any troupe except the Bob Gerry Troupe at Olympia, London, at the Bertram Mills show in 1952-53, but this group used a safety net.

D. Nevil

Gunther Wallenda, highwire artist: born 1927; died Sarasota, Florida 16 March 1996.

François-Régis Bastide

François-Régis Bastide was one of the last, and best, of what was once a common phenomenon — the man of letters who served his country well both as a diplomat and as an artist.

Bastide attended schools in Bayonne, in southern France, where he was given the usual thorough grounding (in those days) in philosophy, the Classics and modern languages. He was also a talented amateur musician who had taught himself to play the organ in his doctor father's Biarritz mansion, and then went on to become an accomplished pianist.

In October 1944 he joined General Leclerc's divisions in Germany, where he won the Croix de Guerre and developed a deep appreciation of all things German — music, literature, language. In politics, he was a militant socialist, and at the end of the Second World took up

several appointments with cultural as well as political bearings: secretary-general of the Centre Culturel de Royaumont (1947) and pensionnaire of the Maison Descartes in Amsterdam (1950).

In 1953, Bastide became literary adviser to Seuil, a prominent publishing house that was to issue several of his books, and for whom he later took charge of an excellent musical series called "Solfege". He began his literary career with three fine novels, *Lettre de Bavière* (1947), *La Troisième personne* (1948) and *La Jeune fille et la mort* (1952). *Saint-Simon*, his biographical study of the great 17th-century memoirist, won the Grand Prix de la Critique in 1953. All are still selling in paperback. He was also one of the inspired producers and animators in the early days of the ORTF (Office de la Radiodif-

fusion et Télévision Française) from 1949, working on dramatic and literary programmes and a famous discussion series, *Le Masque et la Plume* on both radio and television. He was to become President of the trade union Syndicat National CFTD (Confédération Française Démocratique du Travail) from 1968 to 1976.

His experience of drama production at ORTF led to his joining the reading panel for the Comédie Française and the Odéon (1968-75). As a socialist, he became a municipal councillor for his home town, Biarritz, in 1977, and the national delegate for the Socialist Party in 1978.

Meanwhile, he was publishing a series of novels and essays from Seuil and Gallimard, of which *Les Adieux* won the Prix Fémina in 1956. It was followed by a veiled autobio-

graphical account of his life at the Maison Descartes in Amsterdam, *Flora d'Amsterdam* (1957), *La Vie rêvée* (1962) and *Le Troisième Concerto*, awarded the Grand Prix de la Télévision in 1963. This dramatic fantasy is about a concert pianist who has nightmares of having to interpret the (non-existent) third piano concerto of Maurice Ravel.

His play, whose title is a tribute both to Germany and to Giraudoux, *Siegfried 78*, was produced in 1978. He wrote the adaptation and dialogues for a memorable television production of Flaubert's *L'Education sentimentale* in 1973. He was a member of the jury for the Prix Médicis, where he sat with that other great French Germanist Marthe Robert.

With the triumph of François Mitterrand in the elections of 1982, Bastide was appointed

ambassador to Denmark (1982-85), then to Austria (1985-88). Then he became ambassador and permanent delegate to UNESCO (1988-90). He was made a Minister Plenipotentiary *hors classe* in 1991. In the same year, the Académie Française awarded him the Prix Henri de Regnier in recognition of his entire literary output. All these glittering posts and his experiences in them appeared from time to time in his novels, in which he casts a witty, ironical eye upon the social intrigues and hollow splendours of the diplomatic world. Yet he was never world-weary, for he had immense love of life, and his wit was never too scathing, for it was of the kind that the French call *spirituel*, that is, humour with a gently malicious sparkle.

Bastide's last work, *L'Homme au désert d'amour lointain* (1994), is set in the

imaginary kingdom of Villanovie in southern Europe. He employs the transparent device of writing about his elderly hero, the French ambassador to the Firbankian court of Queen Ilma Regina, with whom he has an affair, in the third person, yet, giving him his own name, as if in mockery of that literary trick. Bastide is the familiar figure of a man in his sixties who is eager to experience a final amorous adventure. Some of the best passages are classic meditations on old age and the absurd agonies of romantic love. "If you do not understand that love, true love, crazy love makes you want to run away from it, it means that you are the stupidest of men," the hero tells himself.

There are also loving references to some of Bastide's literary masters — Rilke, Valéry Larbaud, Stendhal, all great

travellers, as was the author. In the end, the hero does indeed flee from the love he has awakened: "Romanticism is a thing of the past. All we can hope for in our old age is the comfort of nostalgia."

He implies that only a woman can find the courage to cherish romantic passion. A man finds himself confronted only with his own sexual urges, and finds nothingness.

François-Régis Bastide was a gentleman of great charm and elegance. His long, witty face, with its touch of melancholy in the drooping eyes, was reminiscent of Cocteau's. Indeed, whenever they appeared in public together, Cocteau would flatter himself by introducing Bastide as his twin brother, "only slightly younger". But Bastide's multitalented genius hid deeper roots than Cocteau's. He lived a passionately



Bastide: wit that was spiritual

committed life with admirable lightness of touch that concealed a rich humanity.

James Kirkup

François-Régis Bastide, writer and diplomat: born Biarritz 1 July 1926; died Paris 16 April 1996.

BIRTHS

CARSLAW: On 17 April, to Nicola (née Hayman) and Michael, a daughter, Anna, a sister for Emilia.

DEATHS

DOWNS: Edith Florence Downs, died 7 April 1996, aged 82. Funeral to be held at 2.30pm on Tuesday 30 April at Beckenham Crematorium.

STUART-SMITH: On 17 April, peacefully at home after a courageous fight, Laurence Merriam, aged 56. Dearly loved husband of Liz, cherished father of Caroline, William and Sara, and a much-loved and respected brother, uncle and friend. Private cremation. Thanking service at St Dunstan's Church, Cranbrook, Kent, on Thursday 7 May at 3pm. No flowers please. Donations, if desired, payable to Heart of Kent Hospice c/o J. Perigoe & Son, Bank Street, Cranbrook, Kent TN17 3EF, telephone 01580 713636.

Announcements for Gazette BIRTHS, MARRIAGES & DEATHS (Births,

Births, Marriages & Deaths

Adoptions, Marriages, Deaths, Memorial services, Wedding anniversaries, In Memoriam should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 5UL, telephoned to 0171-293 2011 (24-hour answering machine 0171-293 2012) or faxed to 0171-293 2010, and are charged at £10 a line, VAT extra. They should be accompanied by a daytime telephone number.

OTHER Gazette announcements (notices, funerals, forthcoming marriages, Marriages) must be submitted in writing (or faxed) and are charged at £10 a line, VAT extra. They should be accompanied by a daytime telephone number. The Independent's main switchboard number is 0171-293 2000.

Marriages

Mr D. C. Fishburn and Mrs R. A. Mallinson. The marriage took place on 4 April 1996, in London, between Mr Dale Fishburn and Mrs Rosalind Mallinson (née Hoare).

Birthdays

Mr William Baillie, President, Royal Scottish Academy, 73; The Most Rev Luigi Barbarito, Apostolic Pro-Nuncio, 74; Miss Sue Barker, tennis player, 40; Mr Algy Cluff, chairman and chief executive, Cliff Resources, 56; Mr Tim Curry, actor, 50; Mr Glynn England, former chairman, Wind-cluster Ltd, 78; Sir Cyril English, educationist, 83; Mr Trevor Francis, footballer, 42; Dr Norman Godman MP, 58; Sir Denis Henry, a Lord Justice of Appeal, 65; Sir John Horlock, Professor of Engineering and Treasurer, the Royal Society, 68; Mrs Mar-

go MacDonald, broadcaster, 52; Mr Dudley Moore, actor, 61; Mr Garfield Morgan, actor, 65; Mr Hugh O'Brien, actor, 71; Mr Jonathan Owen Jones MP, 47; Mr Murray Perahia, pianist, 49; Mr Alan Price, singer, 54; Sir John Roth, a Lord Justice of Appeal, 62; Michael Roux, chef de cuisine, 55; Mr Peter Scott QC, 61; Mr Wilf Stevenson, Director, British Film Institute, 49; The Hon Michael Trend MP, 44; Mr John Watts MP, 49; Miss Ruby Wax, actress, writer and television presenter, 43; Mr Andrew Welsh MP, 52; Mr Philip Wroughton, Lord-Lieutenant for Berkshire, 63.

Anniversaries

Births: David Ricardo, economist, 1772; Lucien Levy-Bruhl, philosopher, 1857; Sydney Francis Barnes, cricketer, 1873; Richard Arthur Warren Hughes, novelist, 1900; Jayne Mansfield (Vera Jayne Palmer), ac-

tress, 1933. Deaths: Philipp Melancthon (Schwarzer), church reformer, 1560; Paolo Veronese (Cagliari), painter, 1588; George Gordon Noel, Lord Byron, poet, 1824; Sir Robert Smirke, architect, 1867; Owen Jones, architect, 1874; Benjamin Disraeli, Earl of Beaconsfield, statesman and novelist, 1881; Charles Robert Darwin, biologist, 1882; Sir Henry John Newbolt, poet and author, 1938; Konrad Adenauer, statesman, 1967; Frankie Howard (Francis Alex Howard), comedian, 1993. On this day Sir Francis Drake sailed into the harbour of Cadiz and sank the Spanish fleet at harbour; this he called "singing the King of Spain's beard". 1587; Prince Rainier III of Monaco married Grace Kelly, actress, 1956; Bangladesh was admitted to the Commonwealth, 1972. Today is the Feast Day of St Alphege or Elphege of Canterbury. St Expedius, St Geroldus and St Leo IX. Pope.

Lectures

National Gallery: Humphrey Wine, "Innocents Abroad (ii): Claude, Landscape with the Marriage of Isaac and Rebecca", 1pm.

Victoria and Albert Museum: Michael Keen, "British Landscape Painting", 2.30pm.

Tate Gallery: Dominic Willson, "Merleau-Ponty's Cézanne", 1pm.

British Museum: Anne Farrer, "Images from the Western Lake: revival of Chinese colour prints", 1.15pm.

Dinners

Foreign and Commonwealth Office: Mr Jeremy Hanley MP, Minister of State for Foreign and Commonwealth Affairs, hosted a dinner at Lancaster House yesterday evening for the UK-Korea Forum for the Future.

Society of Chemical Industry

The Centenary Medal Award Dinner of the Society of Chemical Industry was held yesterday evening at the Hotel InterContinental, London W1. Dr A. Hayes, President, presented the Centenary Medal to Dr Robin Paul, chief executive of Albright and Wilson plc.

Franco-British Society

Judge David Edward was the guest speaker at the 52nd Annual General Meeting and Supper of the Franco-British Society held yesterday at the Royal Air Force Club, London W1. Lord Sainsbury, a vice-president of the society, presided. Sir John Fretwell, Chairman, gave the annual report. Professor Douglas Johnson presented the society's 1995 Enid McLeod Literary Prize to Gillian Tindall, for *Celestine: Voices from a French village*.

ROYAL ENGAGEMENTS

The Duke of Edinburgh, Marshal of the Royal Air Force, attended a dinner held in honour of those who fought in Bomber Command in 1959-65, at the Old Wycombe, Buckinghamshire. The Princess Margaret, Countess of Sandwich, and Lord Sainsbury, Viscount Sainsbury, were also present. The Princess Margaret, Countess of Sandwich, and Lord Sainsbury, Viscount Sainsbury, were also present. The Princess Margaret, Countess of Sandwich, and Lord Sainsbury, Viscount Sainsbury, were also present.

Changing of the Guards

The Household Cavalry Mounted Regiment presents the Queen's Life Guard at Brompton Palace, 11am. The Household Cavalry Mounted Regiment presents the Queen's Life Guard at Brompton Palace, 11am. The Household Cavalry Mounted Regiment presents the Queen's Life Guard at Brompton Palace, 11am.

Synagogue services

Details of synagogue services to be held tomorrow may be obtained by telephoning the following. Sabbath begins in London at 7.45pm.

United Synagogue: 0171-387 4300. Federation of Synagogues: 0171-387 2243. Union of Liberal and Progressive Synagogues: 0171-580 1463. Reform Synagogue of Great Britain: 0181-340 6711. The Old Wycombe, Buckinghamshire. The Princess Margaret, Countess of Sandwich, and Lord Sainsbury, Viscount Sainsbury, were also present. The Princess Margaret, Countess of Sandwich, and Lord Sainsbury, Viscount Sainsbury, were also present.

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John Major, you would think, must be well used to such condemnation by now. "With this government the whole is much worse than the sum of the parts," thundered the editorial. "Conservative MPs talking to alienated supporters in their constituencies tell us the most common answer to the question 'What is wrong with this government?' is 'Everything.'" But this was the *Daily Telegraph*, the natural home of Toryism and worse was to come. "People have no belief in the men or the measures, no expectation that they will be told the truth, no impression of competence, no faith or hope or charity."

The editorial was written not by one of the new-right ideologues so favoured by Conrad Black but by the paper's then editor, Max Hastings, an old-school pragmatic Tory for whom decency was more important than economic correctness. "Ceaseless fudge, nuddle, compromise and obfuscation", he argued, had

graph, was moved to take charge of the daily. "His rabid anti-Europe stuff was tolerable on Sundays," said one Major insider, "but not in the daily. It made it too mainstream."

A month or so after Moore took over he and Conrad Black were invited to Sunday lunch at Chequers – a rare honour for journalists. It was a concerted attempt to woo the *Telegraph*

The happy days of Max Hastings and Douglas Hume putting the world to rights over lunch at the Travellers might be long gone but ministers thought the *Telegraph* might return to the fold just as the *Mail* has (it has been rumoured).

moves was to import from Sunday paper his two favourite leader writers, Paul Goodman and Dean Godson, whose style was vigorous, amusingly a little over the top, and very right-wing. The view of the couple (who swiftly came to be irreverently known as Paul and Dean) opened up a new space between the new and old *T*.

the reflection of the hard-line views of the *Telegraph* proprietor, the Canadian media magnate Conrad Black. Though what might have been expected. When Black bought the *Jerusalem Post* he turned its editorial policy on its head, transforming the line of the leading Israeli paper from

They were also pure Redwood. In the days Redwood was still a C minister he was invited to at the *Telegraph*. Perhaps significantly Max Hastings turn up, leaving it to his deputy Simon Heffer to Evidence of the Black ment to Redwood was provided by Andrew Ne former editor of the *S*

from the fact that Moore—who supports Redwood in the leadership test—had lunch with the Cabinet malcontent on the day before the editorial was written. The idea is not to suggest that the editorial should be dumped," *Telegraph* insider says. "We just want to put some of the blame in his pencil."

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The Sunday Telegraph
THE TIMES
ADDRESS

United/MAL

	<i>The Sun</i> Stuart Higgins	<i>Sunday Times</i> John Witherow	<i>The Times</i> Peter Stodhart	<i>News</i> Phil Hall	<i>The Mail</i> Paul Dacre	<i>Mail on Sunday</i> John Holborn	<i>Evening Standard</i> Max Hastings	<i>The Telegraph</i> Charles Moore	<i>Sun Telegraph</i> Dominic Lawson	<i>The Express</i> Richard Addis	<i>Sunday Express</i> Sue Douglas
Sales:	4,073,601	1,314,337	688,205	4,656,716	2,093,731	2,138,465	463,146	1,027,882	658,455	1,265,967	1,279,984
Last year's leadership election:	Pro-Major	Pro-Major	Pro-Major	Pro-Major	Pro-Major	Pro-Major	Pro-Major	Pro-Major	Pro-Major	Pro-Major	Pro-Major
On Blair now:	Anti-Major	Anti-Major	Anti-Major	Anti-Major	Anti Major	Pro-Major	Pro-major	Anti Major	Anti Major	Pro-Major	Pro-Major
	"The real question is: who do the voters trust? A party that's got inflation and mortgages down to rock bottom, or one that claims it can do better..."	"He badly needs to take a strong line on something."	"...by his own lights, he can go so further, and his are the rights that the government follows."	"To restore peace, John Major needs all his undoubted negotiating skill and energy. But above all, he must be seen to have the full support of parliament."	Highly critical of Major government's lack of spine and principle.	"Only the Prime Minister insists that the Conservatives will win the next Election. Maybe John Major can once again confound the sceptics and pull off another surprise victory."	"Although the Tories remain very behind in opinion polls, a surprising number of MPs - Tony Blair among them - are now concerned that the possibility of another Conservative victory cannot be excluded."	"...Mr. Major, although personally not stand for anything..."	"...Mr. Major remains alarmingly equivocal in his attitude towards Europe. He still says what he thinks his audience wants to hear."	Still respectful and keen to find good points "Mr Major is nothing if not dogged."	"Given a good issue to fight on and the "smell of electioneering" in his nostrils, he is by far the best asset the Tories have."
On Blair:	"If you believe that the party of John Prescott, Margaret Beckett and Frank Dobson stands for enterprise, low taxes and wealth creation, you'll believe in faries."	"Middle England spoke in South-east Staffordshire...Mr Blair looks unbearable."	Impressed by his spiteful criticism of the continent.	"Instead of delivering his promotional address (before Japanese businessmen) Mr Blair might have done better to sit quietly and let THEM lecture HIM."	Impressed. Hints Blair might spend time playing football but worried that old Labour is lurking in wings.	"Mr Blair seems to spend most of his time playing yo-yo as he retracts policy statements issued by his old Labour colleagues."	"At least we know where his Short is coming from. But where is Mr Blair coming from and where is he going to?"	"...nothing Mr Blair has said convinces us that Labour can remedy our national ills...his current success must therefore be attributable... to the Conservatives' "lucky" fallings."	"In the wake of the South-East Staffordshire by-election, Tony Blair may perhaps start referring to The Party Formerly Known as Labour."	After his comments about Christianity: "He might find time in plain English, to tell us what he plans to do if he becomes Prime Minister."	"His driving ambition is to go back to his party as the Margaret Thatcher of the Left... But it is by comparing him with Lady Thatcher that his real limitations can be exposed."

moves was to import from the Sunday paper his two wistful friends, the Gosses, and Dean Godson, whose style was vigorous, amusingly arch and very right-wing. The views of the couple (who swiftly came to be irreverently known as Pearl and Dean) opened up a gap between the new and old Tele-

dove-ish to a hawkish one virtually overnight. The views in yesterday's leader — "cutting taxes, including capital gains, and spending so that Labour would either limp behind them or be forced out into the open and declare its tax-and-spend philosophy" — and abandoning the vision of Europe embodied not just in the single currency but in the whole of the Maastricht treaty — were pure Black.

They were also pure John Redwood. In the days when Redwood was still a Cabinet minister he was invited to lunch at the *Telegraph*. Perhaps significantly he was asked to turn up, leaving it to his then deputy Simon Heffer to host. Evidence of the Black attachment to Redwood was also provided by Andrew Neil, the former editor of the *Sunday*

Times. When Hastings quit unexpectedly, Black approached Neil, who said that at the time the Canadian's attachment to the political life of Redwood and Portillo. One of the stumbling blocks between the two men was Neil's insistence that, in the view of the general public, both are unelectable.

Conspiracy theorists will therefore draw nourishment from the fact that Charles Moore—who supported John Redwood in the leadership contest—had lunch with the former Cabinet malcontent on Tuesday night before the blistering editorial was written. "But the idea is not to suggest that Major should be dumped," said one *Telegraph* insider yesterday. "We just want to put some lead in his pencil."

Only we are all working-class. I key conservative cultural values are to be maintained then commitments may have to be made in subsidising our Britishness in the European-needs that can fend off some of the most dire effects of unfettered competition from the Pacific Rim. In all this there can be no plain-as-pikestaff Tory slogans any more.

The Conservative Party, the *Telegraph* leader fulminated, "now resembles a dinosaur" "having a very small head and a very large body. The head is Euro-enthusiast and the body is Euro-sceptic." An unhappy metaphor, not least because the dinosaur, however small, is the creature whose brain is smaller than that, the dinosaurs all died out. It was not that they failed to adapt. Rather the times changed around them.

The name's Howe, Geoffrey Howe. One glint of his glasses and women faint. Taunt him with the jibe of being savaged by a dead sheep and he will throw his dry sherry, shaken not stirred, in your face. Lord Howe is the one, the only, holder of the passport numbered 007.

007. Douglas Hurd, the former foreign secretary, has, as I reported some time ago, nabbed the chief prize of passport number 001. But Lord Howe's is probably the one that all Cabinet ministers secretly sought.

All except one, that is. The 007 films may have embraced a female M. But could the numbers 007 have accomplished the picture of a female prime minister? It seems not. As the British of that time on opening our doors to EU travellers yesterday, Lord Howe disclosed that his 007 number had been offered first to the then prime minister, Margaret Thatcher, who declined.

Probably very wisely. By now the much travelled Lady T would have heard the same joke from every immigration officer. Mind you, whether the non cinema-going, non fiction-reading former prime minister would have known who James Bond was is another matter.

Bill Houghton, principal trumpet for the BBC Symphony Orchestra, is expending considerable stocks of the proverbial puff this week. He is playing in Germany on Friday night, flies home on Saturday and runs in the London Marathon on Sunday. As soon as the

race finishes, he flies back to rejoin the German tour to use whatever puff he has left in the final concert that same night.

Fighting talk from the new Sunday business newspaper, entitled - with great perspicacity - the *Sunday Business*.
Pre-launch, staff gathered in the founder Tom Rubythorn's Marylebone flat for a rousing pep talk before next Sunday's launch. Rubythorn, you will

A black and white photograph of a sailboat on the water. In the foreground, there is a large, dark, textured shape that resembles a piece of fabric or a large shadow, partially obscuring the view of the boat. The sailboat is visible in the middle ground, with its sails up. The background is a bright, textured surface, possibly the sky or water, with a dark, irregular shape in the upper right corner. The overall composition is abstract and artistic.

recall, was the former founder of *Business Age* magazine—and as such earned a certain notoriety for the staggering regularity of his appearances in the libel courts. The magazine reportedly had to put aside \$6,000 a week just to cover its editor's somewhat daring interpretations of defamation laws.

Undaunted by this trail of litigious encounters, Rubinyon introduced the assembled staff to his "hot shot" lawyer. "Any doubts about a story, folks—this is your man!" he assured them. And to prove it, he put his money where his mouth is: a cool \$5,000 for the first *Sunday Business* journalist to "nail a fat cat."

It is hard to say who will be more worried by the challenge – Britain's fat cats, or the *Sunday Business* lawyer.

The judges of the new women-only fiction prize may not have thought much of the overall entries – judge and novelist Susan Hill, you will remember, said the quality of entries was “abysmal, terrible”. But the prize's sponsor is happy, almost. Orange, the mobile phone company, which is sponsoring the £30,000 prize, confirmed to me that the agreement is “potentially” a three-year sponsorship but there is a clause for a revaluation a month after the prize is awarded. That sounds like a warning note.

But there is a silver lining. Orange's head of public relations, Mark Humphrey, added: “It is looking very encouraging. The Booker Prize has written congratulating us on the amount of coverage; we've had more than they get in 10 years.”

HM Customs, simply the best

I receive a note headed "Important Message" from those considerate chaps at HM Customs and Excise. Ever helpful, they are simplifying the VAT regulations. The message reads: "As a deregulatory measure, the implementation of the Second VAT Simplification Directive has changed the definition for the treatment of processing work from goods to services."

If only all of life were so simple.

Eagle Eye

A high-contrast, black and white photograph of a large, ornate, and heavily textured object, possibly a piece of furniture or a large box, illuminated by a strong light source from the right, creating deep shadows and bright highlights. The object has a complex, possibly carved or woven surface. The background is dark and indistinct.

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Israel must call off the killing

Whatever reasons Israel may have had for its week-old onslaught on southern Lebanon, the massacre at Qana yesterday demands, on both moral and political grounds, that the ill-fated campaign be called off. To shell a UN peace-keeping base crowded with civilian refugees, killing dozens of people, defies both explanation and excuse. The shelling of Qana was a gross strategic and historical error. Israel can only be diminished by such an act of futile bloodshed.

One has to believe that the refugees, sheltering under the UN flag, were not shelled deliberately. According to one account, a Hizbollah Katyusha rocket battery was hidden nearby. Yet it is impossible to accept that this was an unfortunate mischance of war, still less that the Lebanese people have brought this punishment upon themselves for harbouring Hizbollah. Whatever the final explanation for the disaster at Qana, it flowed inexorably from the disproportionate nature of Israel's onslaught on southern Lebanon.

This has not been a scientific military campaign, pin-pointing Hizbollah rocket launchers. By the Israeli government's admission its aim has been political, to coerce the Lebanese and Syrian governments into doing something about Hizbollah's attacks on settlements in northern Israel. The instrument of that coercion is, by implication, the threat to the civilian population of southern Lebanon, who were to be forced from their homes. It was always likely then that at some stage there would be large civilian casualties. The Israeli forces, joyfully released from defending against Hamas suicide bombers – a frustratingly invisible enemy – have shown all too scant concern for the safety of Arab civilians. In that context, Qana was a tragic blunder just waiting to happen.

Hizbollah is equally callous of civilian life. It is, without doubt, a dangerous and unscrupulous enemy of the state of Israel.

There is no question of Israel's right to defend itself. That flows from its right to exist. It is quite proper for it to protect those settlements in the north which have been besieged by rocket attacks. Yet the assault on southern Lebanon is quite disproportionate.

It is not primarily a military campaign; it is a political campaign and a vicious one at that. Hamas is a far more insidious and dangerous enemy than Hizbollah; Israel cannot easily strike at Hamas, so it strikes where it can. The central motive is to bolster the electoral chances next month of the Prime Minister, Shimon Peres. A further motive is to convince the Syrian government that it should join more enthusiastically in the Middle East peace process.

Mr Peres believes his re-election is indispensable to the peace process. He may be right. The assault on Lebanon is, in that sense, arguably a war to further the peace. But this is a tortured argument. The reality is that the fragile fabric of Lebanon is being torn apart, creating greater instability in the region, and Israel's Arab friends and partners have been put on the defensive. In the Middle East, blood can only beget further blood. Witness, already, the murder of Greek tourists in Egypt yesterday by Islamist gunmen, apparently seeking revenge for the initial Israeli assault.

President Bill Clinton, a virtual bystander until now, has been jolted by yesterday's massacre. He is to send a senior official to the Middle East. This is not enough. He should immediately dispatch his Secretary of State, Warren Christopher, to apply as much pressure as necessary to both Israel and Syria to achieve a ceasefire. Mr Clinton has electoral constraints of his own. But his campaign will not be served by a collapse of the Middle East peace process. He must now intervene, forcefully and personally, to save Mr Peres from the consequences of his own disastrous and bloody logic.

Tory tonic is poison

So the newspaper that brought us fantasy football has turned its attention to fantasy politics. Yesterday the *Daily Telegraph* finally exploded with rage and frustration at the failures of John Major's government, dismissing it as an unqualified disaster and calling for a crusade against Brussels, combined with a "bold" tax and spending cuts. It accused ministers of lying about Europe and demanded that they accept that membership of a European currency would be an "act of national betrayal". It is not hard to see whose programme the paper has signed up to: its outraged rhetoric was strongly flavoured by the politics of John Redwood. The once-loyal "Telegraph" has joined the dissident right.

Things have come to a pretty pass when the *Independent* is obliged to defend a Conservative prime minister against the *Daily Telegraph*. We have never been ardent admirers of Mr Major: in criticising his style of leadership our Tory neighbours at Canary Wharf are following a line of argument developed here for several years. But he is the only credible Tory leader until the election, and his strategy of slogginess is vastly more sensible than the wheeze for a Tory revival presented to readers of the *Telegraph*. Its editors have prided themselves on their stolid, tweedy calm. They seem to be panicking. Their bold tax cuts are all very well: but to promise tax-cutting is hot air unless you specify how you will cut spending. Just as Labour spending plans need to be tax-

costed, so Tory tax cuts need to be spending-costed. But as so often, the suggestion for tax-cutting is chucked into the final paragraph of a hand-wringing article for rhetorical effect. Norman Lamont has suggested cutting means-tested benefits and introducing charges for health care. If the Tory right wants to go into the next election offering "clear blue water" in the form of tax cuts, let them describe similar measures. Thus far, they dare not.

On the European Union, the *Telegraph*, like the Tory dissenters, comes very close to advocating withdrawal. There is an economic case for a looser relationship with the EU. But for Major to move that way now, beginning by ruling out forever British membership of the single currency – no matter how well it was working for the states within it – would destroy this government almost immediately.

Kenneth Clarke, the Chancellor, would certainly resign, followed by other ministers. A phalanx of infuriated Conservative backbenchers from the pro-European wing of the party would refuse to support Major in a confidence vote in these circumstances. Thus the programme offered by the *Daily Telegraph* as the Tory tonic would prove an almost instant political poison for the Tory administration. It might well be good for the country; but only if you think that what the country needs is Tony Blair as Prime Minister as soon as possible. We can only commiserate with Mr Major that his friends show such little judgement.



The Birdwatcher

LETTERS TO THE EDITOR

How Lebanon fell victim to its own liberal democracy

Sir: Your letters today (18 April) move me, as a resident of Beirut in happier times, to offer a response, in particular to Professor Waterman of Haifa, who correctly sees the statehood and sovereignty of Lebanon as the core dilemma.

What the Lebanese had preserved up to the 1970s was a prosperous self-regulating liberal democracy with a precariously representative parliamentary structure. This was widely regarded – notably by American businessmen – as living proof of what could be achieved by an enterprising people subjected to a minimal burden of government.

Unfortunately, Syria never recognised its independence, never agreed to an exchange of ambassadors, even though both countries became, as sovereign states, members of the United Nations on the same day. As for control over territory, I need not recapitulate the process by which such control was eroded, from the time when Nasser sought to draw Lebanon as well as Syria into the

United Arab Republic. The country became the victim of its laudably open mental and physical borders, the corollary of its anti-dictatorial system of government.

But Israel must make up its mind what it wants on its northern borders. A permanent extension of the most obdurately hostile of the dictatorships mentioned by Daniel A. Shine (Letters, 18 April) or a truly independent Lebanon devoted to its traditional art of minding its own profitable business? It is, of course, too late to hope for the friendly neighbour that Lebanon might have become if its recognition of possessing shared interests with Israel had not been squandered by countless demonstrations that Israel regards Lebanese lives and interests as inferior in value.

The US must also look into its heart and its history. America has been significantly engaged in Lebanon for well over a century. Its prolonged blindness to the value of Lebanon as a pro-Western bulwark has been revealed once again by its present treat-

ment of Syria as the only "peace partner" worthy of courtesy. Washington's message continues to be: put me through to your strong man – if you haven't got one, don't waste my time. Can the British government possibly endorse this attitude?

The only, absurdly tiny gleam of hope I see here is that fewer English-speakers refer nowadays to "the" Lebanon (reflecting a quirk of French grammar) as if it were a mere geographical region like "the" World or "the" Dordogne. Lebanon is just Lebanon in the standard English Bible, but then Israel is just Israel and the temple was built of cedarwood.

BERNARD NOBLE
Former Deputy-Registrar
International Court of Justice
The Hague, Netherlands

Sir: It is in the interests of us all, and this includes the Arabs, that Israel is strong. It is Israel that is a democracy, maintains the status quo in a disgustingly violent region and deflects the often vio-

lent anger and hatred of the Islamic fundamentalists away from us in the West.

Does Hizbollah, or any Arab country for that matter, warn civilians to vacate areas prior to launching an attack? Israel actually placed a very high priority on protecting innocent civilians at the expense of forewarning Hizbollah and, by definition, increasing the dangers to their own soldiers.

RICHARD COLLIS
Borehamwood,
Hertfordshire

Sir: The arrogance of Paul Miller (Letter, 17 March) is typical of what we Arabs have to live with. He reminds us that "the Arab-Israeli wars of 1948, 1956, 1967 and 1973 have already demonstrated the consequence of waging war with Israel". He implies that we Arabs have no chance no matter how hard we try and we should just lie low and accept what mighty Israel decides for us.

WILLIAM NASR
Babby, Northamptonshire

UK research in danger

Sir: The crisis in Britain's universities has much more severe effects than Judith Judd's report "Cash shortages threaten status of universities" (15 April) suggests. The National Academies Policy Advisory Group's report on the research capacity of the university system is unequivocal: public funding of university research in Britain is not internationally competitive and is inadequate to meet the demands made upon it.

British government support for academic research is about half that in countries like Germany, France, Holland, the US, and 25 per cent behind Italy (in terms of spending per capita). The inevitable consequence, say the academics, is a severe reduction in university research to ensure that what remains is properly funded to maintain high quality and support acceptable career conditions for researchers.

Contraction and further narrowing of the research base spells withdrawal from contributions to the advance of knowledge, and decline in the national capacity to create wealth and to ensure quality of life in the future.

Dr JOHN MULVEY
Executive Secretary
Save British Science Society
Oxford

Three decades of ban on drugs

Sir: I cannot resist reminding your readers that in 1966 doctors in Ipswich adopted a voluntary ban on the prescribing of amphetamines and succeeded in eliminating them completely from the environment. Doctors no longer prescribe them and chemists no longer stock them. This pattern was endorsed at the Annual Meeting of the British Medical Association in 1968, and it is interesting to see that, 28 years later [with the Government's proposed ban on amphetamine-style slimming pills], things have gone full circle (report, 9 April).

Dr FRANK WELLS
Director
Department of Medicine
The Association of the
British Pharmaceutical Industry
London SW1

Top table manners

Sir: Is England the only country where you can immediately tell a person's class origins (reports, 18 April) by the way they hold their knife and fork? The clenched fists of the worker, presumably to cut impossibly tough cheap meat. The delicacy of the lower middle class, knife and fork as quill pens lightly to cut through ham salad Sunday teas. The confident firm handling of the middle classes, able to cope with any number of Islington restaurant styles. What of the aristocracy? Because of the class system I have been unable to test my theory at this level.

ANDREW POWER
London N17

Royal brides

Sir: Princesses should marry princesses – young ladies who know the job; know how to behave; know when to keep a discreet silence. Any marriage agency will produce a list of suitable candidates.

CLIFFORD RUSSELL
London W5

Nato troops co-operate in Bosnia

Sir: Christopher Bellamy's article on Nato in Bosnia (16 April) confuses the military and the civilian components of the peace process. There is bound to be a debate about the prospects for security in Bosnia when the Nato troops' mandate runs out at the end of the year. The outlook will inevitably depend to a great extent on whether a stable political environment has been created following the elections due to be held in late summer or early autumn.

The civilian side of implementing the Dayton peace agreement, for which Carl Bildt is responsible, is indeed more disparate than the military side, as Dr Bellamy observes. It involves subjects which range from co-ordinating economic reconstruction and human rights activities to reinforcing the independent media and promot-

ing political co-operation between different groups. The goals and the deadlines are necessarily less precise and quantifiable than those for military implementation. Re-creating civil society out of the bitter aftermath of war is bound to be a more complex and long-term task than disengaging the armies – difficult as that is. It is therefore misleading to suggest that the civilian and the military arms of the operation are somehow in conflict or in competition. We have an outstandingly good partnership with I-For on the ground. Our tasks are different and complementary and will continue to be so – whatever happens at the turn of the year.

MICHAEL MACLAV
Office of the High Representative
Sarajevo

Post letters to Letters to the Editor, and include a daytime telephone number. (Fax: 0171-293 2056; e-mail: letters@independent.co.uk) Letters may be edited for length and clarity.

Judges guard our freedoms

Sir: Baiting judges about their social and educational backgrounds is diverting sport (though hardly more challenging than shooting fish in a barrel) but David Walker ("Who do these guys think they are?", 17 April) is wide of the mark in targeting judicial activism as a threat to democracy.

"Political" decisions by the courts are nothing new. As part of the "checks and balances" in our division of state power, judges are not only permitted but positively bound to make political decisions. When judges intervene in the activities of government to ensure that ministers do not exceed the powers entrusted to them by Parliament they act as the servants, not the usurpers, of democracy. Parliament is the elected representative of the people and the laws it makes bind

government ministers just as they bind everyone else.

It is particularly important to be clear about these constitutional fundamentals when the government of the day evinces scant regard for the law. The Major administration's attitude towards legality lurches from cynical opportunism (when foreigners won't buy our beef) to outright contempt (in the face of censure from the European Court of Human Rights). There is no written constitutional guarantee of fundamental human rights in the United Kingdom. The only thing that stands between the individual and oppression in the name of crude majoritarianism is the law, as applied and developed by the judges.

PAUL ROBERTS
Department of Law
University of Nottingham

Halting the Railtrack scam

Sir: Were it not for the Labour Party's active refusal to give any sort of firm commitment to re-acquire Railtrack, the privatisation process could be halted.

The Liberal Democrats set out how we would do it some time ago, and have been calling on Labour to join us. Had they done so, this disastrous scam would not have got as far as it has. Your commentary ("Rail sell-off gives the wrong signals", 15 April) provided even more damning evidence – by selling Railtrack for a fraction of its real value, writing off billions of pounds of debts, and promising huge bonus dividends to shareholders the Government is screwing the taxpayer. The ironic thing is that once in the private sector, the railways will cost the taxpayer more than at present – an extra £700m a year.

DAVID CHIDGEY, MP
(Eastleigh, Lib Dem)
House of Commons

'Tainted' money

Sir: I take it that those who abhor the use of money tainted by slavery for the endowment of a chair at Oxford ("Bailliol loses its 'tainted' cash", 16 April) have never darkened the doors of the Tate Gallery. Perhaps they should picket the Cézanne exhibition.

SHEILA LEE
London NW1

Roads to a life of horrible isolation

Sir: You quote the British Roads Federation ("End of the traffic jam is nigh", 15 April) as fearing a "horrible, cold, isolationist future" when teleworking reduces traffic. Their success in hijacking transport policy towards the car has meant paths, lanes and villages severed by dangerous roads, children who have to be escorted to school through the deadly streets and daily traffic jams of infuriated motorists whose only social interaction seems to be the exchange of insults. If only there were a decent public transport option for those people, if only they could walk or cycle safely.

Nothing could be worse than the horrible isolationist present to which the BRF's lobbying has brought us. My own hope is that a combination of technology and sensible values can deliver a future where the blight of the car has been lifted.

PHILIP INSTALL
Bristol

Sir: Having read the fears of correspondents about motorists using B-roads (Letters, 15 April), I am bound to say, knowing the Lake District, North Yorkshire Dales and the people most likely to be found speeding in those areas will be locals. Not infrequently I find them on the wrong side of the road.

NORMAN WEBB
Halifax, West Yorkshire

The ballad of the little white van

As regular readers will know, I am amassing a collection of modern folk ballads all about life on the motorways of Britain.

Here's a rather nice ballad told me by a driver I met recently in the non-smoking area of the Granary Kitchen at the Newport Pagnell Service Area.

As I go down the motorway
To Weston-super-Mare
Or Cardiff, or to Swansea,
Or Bath, or anywhere.

I sometimes get the feeling
As down the road I roar
That everything that's happening
Has happened to me before.

It doesn't really matter
If it's M4 or M2
- I always get this feeling
Of definite déjà vu.

A strange, disturbing feeling,
Impossible to explain,
That things which once have
happened
Are happening again.

It's not the motorway scenery



MILES KINGSTON

If I'm not overtaking him
He's overtaking me.

I seem to go no faster
Or slower, come to that,
So how on earth does he pass me,
The dirty little rat?

Every time I pass him
I leave him well behind.
And then five minutes later
What do you think I find?

A scruffy little vehicle
With muddy marks and dents
Overtaking my limo!
It simply doesn't make sense...

I never see him look at me
And he never catches my eye,
But we know each other well by
now
As we pass each other by.

I've seen that man in his little van
On the road to Avonmouth
And I've also seen him going past
On the M2, heading south.

I've seen him coming on at Leeds
And off on the Reading road,
And I fancy once I saw him,

Near Plymouth, being towed.

I've seen him in the Midlands
Going towards Liverpool
And I've passed him up in
Scotland
Heading for Ultima Thule!

Oh, life is like a roulette wheel.
And what goes round, comes
back.
And the thing that comes, most
often
Is a van with a bit of sack

Tying together the handles
On the door which no longer
works
And I know I've seen that van
before
Elsewhere, in other climes.

And it's starting to drive me
crazy
Seeing that little white van
Creeping up in my mirror
Going as fast as he can.

And my only consolation
In my haunted misery
Is that if I'm sick of him,
He must hate the sight of me!

15.5.96

The West fiddles while Lebanon burns

America and the European Union must intervene, says Anthony Parsons

By early spring the temperature between the Hizbollah guerrillas in south Lebanon and the Israelis in the so-called "security zone" had been rising for some time, and it was no surprise when the Israelis retaliated for the rocketing by Hizbollah of Kiryat Shmuna on the northern Israeli border. Needless to say, each side blamed the other for being the first to breach a 1993 understanding that neither would attack civilian targets. With Israeli elections less than two months away, the opposition accusing the government of being soft on terrorism, with the growing effectiveness of Hizbollah attacks and the corresponding frustration in the Israeli military, and, of course, with the serious plight of the inhabitants of Kiryat Shmuna and other northern towns, no-one expected the Israeli retaliation to be confined to a simple tit for tat.

However, a week later, it is impossible to use phrases like "measured response" and "proportionate retaliation" with any degree of credibility. The Israeli operation, although avoiding the use of ground troops, has been conducted on a massive scale. The inhabitants of south Lebanon have been forced to flee their homes in even greater numbers than in the equivalent crisis in 1993. It appears that over 10 per cent of Lebanon's population (about 400,000 people) are now refugees, the equivalent, in relation to the size of population, of 5.5 million people in Britain. In addition, Lebanese infrastructure has been targeted, including an important source of electricity supply for the capital.

As regards casualties, the Israelis emphasise the care they are taking to avoid killing or wounding innocent civilians. But this is an impossibility in an operation of this magnitude. The guerrillas are fish swimming in the sea of the civilian population, and things go wrong even in the most carefully conducted military operations. Yesterday there was an exponential leap with the killing of scores of refugees sheltering in a UN compound and the wiping out of a family in Nabatieh. Every day brings new horrors. It is hard to imagine a military solution. Hizbollah remains defiant and continues to fire rockets into Israel. The Lebanese

government cannot and will not respond to Israeli pressure to move in and disarm the guerrillas. Only the Syrians could do that and they have no intention of doing so. Apart from any other consideration, the Lebanese government cannot be seen by its own people as abetting the Israeli occupation of the south against which Hizbollah, its national support growing by the day, presents itself as the champion. Only international diplomacy can defuse the crisis and reopen the path to a resumption of Israeli/Syrian discussions on the Golan Heights, which are the key to an eventual settlement in the Lebanon involving Israeli withdrawal from the "security zone". With such an agreement,

Hizbollah's fangs would be drawn. Syria would see to that. At the moment, the international effort is unco-ordinated. The United States has blocked action by the UN, and is, in bilateral negotiations with the parties, obviously closer to Israel than to the Lebanese or Syria. France is also pursuing an initiative that may or may not be possible to combine with American ideas. The European Union as a whole is nowhere to be seen and nothing much appears to have emerged from the Lebanese Prime Minister's visit to London. If, as I regret, the UN is to be excluded from peacemaking, why can't the United States and the European Union collectively

get together and co-ordinate a vigorous diplomatic initiative with the parties? The Europeans have access in places where the Americans do not, and vice versa. Such an approach would surely be more effective than the piecemeal efforts at present being pursued. A full settlement of the problem must, as I have suggested, await an Israeli/Syrian agreement on the Golan Heights leading to Israeli withdrawal from the "security zone" and a full Israeli/Lebanese peace treaty. That is for the longer term. Meanwhile, if the present crisis is not defused quickly, the Lebanon, still on the road to recovery after 15 years of grim civil war, could drown beneath the weight of the tragedies being heaped upon it. The author was UK Permanent Representative to the United Nations, (1979-82).

How to tackle the murder and mayhem

Bruce Hoffman explains what governments can do to fight terrorism

Events this past week have again demonstrated the continuing threat posed by terrorism to peace processes in both Northern Ireland and the Middle East, and even more so the difficulties governments everywhere face in effectively countering this menace.

The murder of 17 Greek tourists in Cairo yesterday morning is the latest and most lethal in a series of more than 30 attacks against foreign travellers that have occurred in Egypt since 1992. Only hours earlier a bomb had exploded in London, shattering any hope that the hiatus in IRA attacks following the Canary Wharf, Aldwych bus and Brompton cemetery bombings would last until the all-party talks scheduled to be held in June.

Meanwhile, Lebanon entered a second week of harsh Israeli military reprisals designed to end Hizbollah's cross-border rocket attacks; while the US Senate, on Wednesday, enacted sweeping new anti-terrorism legislation in the wake of last year's bombing in Oklahoma City. Indeed, today marks the first anniversary of that tragic incident.

Though otherwise unconnected, this series of events inevitably raises the question of what governments can do to combat so diverse and amorphous a phenomenon as terrorism – if indeed there is anything that can realistically be done.

The fundamental problem is that terrorism erupts and flourishes due to an idiosyncratic combination of factors – historical, ideological, religious, social and economic to name but a few. Not surprisingly, therefore, the strategies and tactics used by governments throughout the world to counter terrorism have varied just as widely, from such highly visible actions as declarations of states of siege, or martial law, enactment of anti-terrorism legislation, and strengthening of judicial powers, to less visible measures such as the establishment of computerised data banks, enhanced intelligence capabilities, and covert operations.

Some of these countermeasures have been more successful than others, such as Italy's use of so-called repentant laws, whereby imprisoned terrorists confessed to their crimes in return for reductions in their sentences. Some have not only failed, like Britain's short-lived policy of internment of terrorist suspects in Northern Ireland during the early Seventies, but have proved counterproductive, alienating the public from the authorities and further polarising an already fractured political environment. Other government countermeasures have had mixed results, such as amnesties and offers of cash rewards for information.

What the legacy of nearly three decades of counter-terrorist measures has shown is that the individual application of selected tactics and policies, outside a cohesive strategic framework or coherent national plan, can prolong a conflict or even lead to complete failure. Any plan, for example, must contain at least these three elements: legitimising measures, co-ordination within and between national intelligence and security services, and collaboration among governments.

Legitimising measures are critical to deprive the terrorists of legitimacy, undermine their work or coherent national plan, can prolong a conflict or even lead to complete failure. Any plan, for example, must contain at least these three elements: legitimising measures, co-ordination within and between national intelligence and security services, and collaboration among governments.

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Cairo yesterday: there have been more than 30 attacks on tourists in Egypt since 1992. AFP

Downsizing isn't always a dirty word

Job insecurity may not be a wholly bad thing – a fluid labour market can bring economic benefits for society

News this week of the lowest unemployment for five years sits oddly with the continuing stories of "downsizing" – that dreadful euphemism for sacking people – by large British companies.

Even allowing for the way the unemployment figures are presented, it is clear that the job situation in Britain is slowly improving. Employment does appear to be rising, and the absolute levels of unemployment are now quite low by European standards, even if they are high compared with the United States and much of East Asia. Yet, equally, there is no doubt that job shedding by large and not so large companies continues. Almost every time companies merge or are taken over, they find they need fewer staff, indeed that seems to be one of the principal reasons driving such mergers.

The result is the well-recognised mismatch between statistics and perceptions: the stats may say the job market is getting better, but that is not the way it feels to people fearful (quite rightly) of losing their jobs. This leads into a politicised discussion about the perils of insecurity, with, naturally, tremendous pressure to find ways of reducing it, or at least protecting people from its most damaging effects. Hardly ever in this debate does anyone ever dare suggest that (a) job insecurity may not have risen very much, or (b) insofar as it has, there might be positive benefits not just to the individuals who can take advantage of the more fluid market for their skills, but for society as a whole. Yet there is a decent case to be made for both these ideas.

It is very hard to measure actual job insecurity (as opposed to perceived insecurity) except by looking at job tenure. How long do people stay in the same job? The answer is that over the past 10 years not a lot has changed: the average has come down a little, with men changing jobs rather more frequently than women staying rather longer in their jobs.

The trouble with these measures is that it does not tell you why people move from one job to another. There is a world of difference between frequent job-hopping because the employee keeps getting offered a higher salary by a competitor, and scrambling from one short-term position to another, not knowing where the next job will come from until one is on the street. Statistically, they may look the same, but they certainly do not feel it.

I have not seen any good-quality British analysis of this, but a lot of work has gone on in America, where this cult of insecurity would seem to have been longer established. The upshot of this seems to be that though there are high levels of insecurity in the US, these are not any higher now than they were 10 years ago. For some groups they are lower.

One particular piece of work, by Henry Farber of Princeton University, has looked at downsizing in the period 1981-1993. The rate of job losses has risen a little between 1981-83 and 1991-93, but the more remarkable thing was the shift in its nature. Manual workers were more likely to lose their jobs in the earlier period, while managers were more likely in the later one. In other words, job security of

manual workers, far from falling, actually rose; it was people higher up the income scale who suffered an increase in insecurity. Other studies have shown that 10-year retention rates – the chances of someone holding a job for the full 10 years – have actually risen since the early Seventies: at least they were higher in 1991 than they were in 1973. But as an article in the *New Yorker* which reported these studies noted, the key feature of the American economy that distinguishes it from those of Europe is the vigour with which it creates new jobs. This leads to the second point: the possibility that there are economic benefits for society as a whole from a more fluid, less secure, job market.



HAMISH McRAE

Obviously, there will be individual winners. Obviously, consumers will benefit from the lower prices or more flexible service that the fluid labour market makes possible. But suppose it becomes possible to run an economy at a higher rate of overall demand. Could the low unemployment of the US be the beneficial by-product of the insecurity that many US workers feel about their jobs?

Economists talk about a thing called the Nairu, shorthand for the off-putting "Non-Accelerating Inflation Rate of Unemployment", the minimum rate of unemployment below which the economy will suffer accelerating inflation. For the past few months there has been a great debate raging in the US as to whether the Nairu has come down. Indeed, economists being true to their stereotype, there has been a pretty furious debate as to whether it is a useful concept at all. The level of unemployment, after all, is only one of several influences on inflation. Such luminaries from the economists' hall of fame as the Nobel prize winner Paul Krugman and the veteran JK Galbraith have locked antlers in a debate in the pages of the *International Economy* magazine on this subject.

But the practical point here is that the Nairu seems to have come down, for the US has managed to hold unemployment below 6 per cent (it is

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6.6 per cent now) and yet keep inflation at an acceptable 2.8 per cent. The policy-makers took a chance and seem to have won. Kenneth Clarke is taking a chance here and he will only win if the British Nairu has come down. We have a government intent on pushing down interest rates whenever it gets the opportunity, and, thanks to a fall-off in tax receipts, running a laxer-than-planned fiscal policy, too. But there has been no evident resurgence of inflation. Just this week the producer price data was encouraging and yesterday's retail prices were OK.

In the last boom it was clear that unemployment below about 7.5 per cent would encourage a rise in inflation. We are at 7.8 per cent now. But suppose the greater perception of insecurity and the greater mobility of labour in general means that we can go on down to, say, 6 per cent unemployment or below without encouraging a surge in inflation. If we can, there will be an enormous social benefits, quite aside from the obvious economic ones.

You can go a stage further in the argument and say that a country with a fluid job market needs to be run at a higher level of demand to offer better employment opportunities for people who are displaced: that vigorous creation of new jobs is the necessary economic and social counterbalance to the rapid destruction of old ones. To welcome job insecurity would be to push the argument too far. For the self-confident, the talented, the energetic, the skilled, the present labour market probably presents more opportunities than the slow-moving, bureaucratic market of the Fifties and Sixties. But for the risk-averse it can be a nightmare. However to fail to recognise that there are benefits which accrue not just to the evident winners but to society as a whole, is to make ourselves more miserable than necessary.

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Southern bid for National Power set to go hostile

MICHAEL HARRISON and MARY FAGAN

A hostile bid battle for National Power, the country's biggest electricity generator, looked in prospect last night after it flatly rebuffed a merger approach from the giant US power company, Southern.

John Baker, National Power's chairman, wrote to Southern yesterday rejecting its request for a meeting, questioning its ability to mount an offer that shareholders would find acceptable and dismissing its rationale for seeking a merger.

National Power sources added that, although Southern had presented its proposals as a "combination" of equals, it was clear that it was a straightforward, old-fashioned takeover.

In his letter to Thomas Boren, president of Southern Electric International, Mr Baker said: "National Power is not now and will not be for sale unless compelling value for our shareholders, compared with what we can realise from our own plans, is put forward in a credible way."

The sudden and marked hardening in National Power's stance pointed to an all-out takeover battle, with the market expecting Southern to open with an offer of at least £60p.

valuing the generator at more than £8bn. Should the Atlanta-based utility launch a contested offer then the Government is not expected to use its golden share to block a takeover, leaving it instead to shareholders to decide. However, it could use its power of veto to wring concessions out of Southern to further open up the generating market to competition.

The initial meeting between the two sides on Tuesday night, after Southern's planned approach leaked into the market, had appeared to be at least polite if not amicable.

However, Mr Baker's letter corrected that impression. He said it remained National Power's strategy to acquire the regional UK company Southern Electric, that the US company formed no part of its plans and that nothing had happened to cause it to revise those plans.

Mr Baker also criticised Southern's capital structure, saying: "The Southern Company's market capitalisation equivalent to £9.77bn compared with National Power's £6.56bn and your existing debt make us question your ability to structure an acquisition which offers our shareholders fair value for their company."

The letter went on to say that the logic of combining Sweb, the regional electricity company

that Southern bought last year for £1.1bn, was "not nearly as attractive" as National Power's proposed merger with Southern Electric.

If Southern did make an offer, including a price, details of how it would be financed and plans for the business, National Power would consider whether to agree to a meeting.

Southern, although clearly disappointed at National Power's response, is expected to present a formal proposal early next week. It has been eyeing the generator for nearly a year.

The US company owns five electricity suppliers in Georgia, Alabama and Florida and a number of generating plants, including three nuclear stations, and has long-term debts of £5.5bn. Last year it made net profits of \$1.1bn (£723m) on turnover of \$9.1bn against National Power's pre-tax profit of £705m on sales of £3.95bn.

The Government is expected to announce next week or the week after whether it will allow the takeovers of Southern Electric and Midlands Electricity to go ahead.

The Monopolies and Mergers Commission had been thought to have cleared the two bids with only minimal conditions attached. But City and industry observers believe that the Trade and Industry Secretary,



Rejected: Thomas Boren of Southern

Photograph: Reuters

Ian Lang may impose significantly more onerous conditions as the price for allowing the two mergers to proceed.

DTI sources said it could not be assumed that any bid by Southern for National Power

would escape referral to the MMC even if the two bids by the generators got clearance.

Mr Lang has stressed repeatedly that he will judge the merits of bids in the electricity sector on a case-by-case basis.

Southern does not appear to be interested in taking over both National Power and Southern Electric. In any event such a move would increase markedly the prospects of a referral.

Comment, page 21

The boys from Southern reach over the ocean

Southern Company is among the largest and most colourful of the North American utilities, with operations across the southern states and overseas, writes Mary Fagan.

Its roots lie in the Alabama Power Company, founded in 1906 by a steamboat captain, WP Lay, to develop power on the Coosa River. Alabama's utility industries provided the basis for expansion until 1920 when Tom Martin, then legal counsel, took up the presidency and bestowed on the company the more ambitious title of Southeastern Power and Light.

Southern now has electricity supply companies in four US states and to this day operates a generating station on the Coosa River. Its overseas arm, Southern Electric International, has become increasingly aggressive in extending the reach of the empire beyond home territory. But for the Southern boys, last year's acquisition of South Western Electricity in the UK was the largest bite so far to swallow. It was also the first hostile takeover bid they had made.

Not content with power plays in its own sector, Southern is expanding into communications services – primarily for the companies within the group but with a view to offering its skills to the business community at large. It has apparently taken the view that a company of its experience can span the range of utility activities. The next development – flagged earlier this week by chairman

Bill Dahlberg – is likely to be the acquisition of a water business. Southern is not without its critics. It gained notoriety in the 1980s for attracting the attention of the Securities and Exchange Commission after allegations of unethical business practices.

In April 1991 two shareholders filed a suit against a number of its directors alleging fraudulent accounting, illegal political campaign contributions and violations of federal securities laws. In 1992 the suit, brought under Federal Racketeer Influenced and Corrupt Organisations Act, was dismissed by the US District Court for Southern Georgia but that dismissal was reversed by the US Court of Appeal in April 1994 and the action is still pending.

According to Southern's offer document for Sweb, one of its subsidiaries, Georgia Power, is also in dispute with the Internal Revenue Service over unpaid taxes of up to \$32m. The company has challenged the IRS in a petition to the US Tax Court but meanwhile it made a payment to the IRS in September 1994.

In 1995 it was ordered to pay \$2m in legal fees related to defamation and breach of contract suit by a former executive.

The publicity has not deterred it from the high-profile approach to Britain's largest power generator and all the political scrutiny that will inevitably involve.

C&W soars on speculation over an overseas bid

MARY FAGAN
Industrial Correspondent

Shares in Cable & Wireless soared in late trading yesterday, fuelling speculation that an overseas group may bid for the company which is already in the throes of £36bn merger talks with BT.

Analysts said that potential predators could include Global One, a partnership between Deutsche Telekom, France Telecom and Sprint of the US.

Deutsche Telekom's finance director, Joachim Kroschke, said last week that the company had been in informal contact with C&W. While Deutsche later played down the prospect that it might bid, it stopped short of denying an interest. Deutsche is seen as a credible buyer for Mercury Communications, Cable's UK arm, but industry sources say that it lacks the financial muscle to bid alone for the entire group.

Stet, the Italian telecommunications operator controlled by the state holding company, IRI, has also confessed to have looked at C&W.

The rise in C&W's shares began early in the day after reports that the group may announce an agreement in principle to merge with BT before the necessary approval is given by the regulatory authorities. C&W's shares closed 24p up at 546p, valuing the company at £12.1bn, and BT finished 6.5p higher at 379p on the view in the City that the talks were progressing well.

The negotiations moved up a gear earlier this week with the first formal meeting between BT chief executive, Sir Peter Bonfield and Rod Olsen, C&W's acting chief executive. C&W had been looking for a new chief executive since the departure in November of James Ross but the emergence three weeks ago of exploratory talks with BT have put such developments on ice.

C&W declined to comment on the surge in its shares but advisors pointed to the announcement of reorganisation of its business in central and eastern Europe to "put it on a sound commercial footing". The changes will result in a £120m exceptional charge, which will be offset by a first-half exceptional profit of £199m on the disposal of the group's holding in Mannesman Mobilfunk of Germany.

Stephen Pettit, executive director for Europe and mobile, said: "We have taken positive management action [in our central and eastern European businesses]. This is expected to have a beneficial impact on future trading. Nevertheless, having reassessed the market outlook, the expectations we had when we first entered these markets have not been realised and we have written down the book value of these businesses to reflect the realities of the marketplace."

He said that the group is working to build relationships with other operators in the region where C&W has stakes in companies in St Petersburg, Belarussia, Moscow, Kazakhstan, Latvia and Bulgaria.

C&W stressed that the changes have nothing to do with negotiations with BT.

Separately, BT said it has bought Dutch information technology firm Rijhaave Groep "to further strengthen its position in Europe".

The price tag for Rijhaave, which has an annual turnover of £70m, is less than 1 per cent of BT's consolidated net assets.

Woolwich tells packed house it 'had a duty' to oust Robinson

NIG CICUTTI

Woolwich Building Society forced its chief executive Peter Robinson to resign over alleged financial irregularities because its board had a "duty" to do so, the chairman, Sir Brian Jenkins, said yesterday.

Sir Brian told more than 850 members at the society's annual meeting – twice the normal number who attend – that the decision had been reached with "great regret".

Although Mr Robinson's picture appeared in the society's annual report and accounts handed out to members, Woolwich yesterday used a procedural device to ensure his name was not put before members for re-election to the board.

"The decision we were faced with two weeks ago was not one

any of us enjoyed having to face – and certainly not to have taken," Sir Brian said.

"We did our best to decide in good faith, and as swiftly as circumstances allowed, what we believed to be in the best interests of the society, its members, customers and staff."

He added: "The board decided – that at the root of this issue was the loss of confidence and trust on the part of the board and the senior management in our former chief executive."

Despite several questions from the floor of the meeting, he refused to go into further details, beyond saying that the society had appointed lawyers and accountancy firm KPMG as external auditors to investigate the matter further.

Sir Brian's comments yesterday came as supporters and opponents of the society's flotation, planned for the spring of 1997, opposed each other in the meeting.

Michael Hardern, a founder of Members for Flotation, a pressure group hoping to force every building society to abandon mutual status, congratulated the Woolwich board for its decision. However, he called for the society to set up a charitable trust similar to that planned by Northern Rock, which aims to devote 5 per cent of its annual profits to deserving causes in the North-east.

Peter Budek, of the rival Woolwich Action Group against de-mutualisation, claimed the decision to float would mean "selling our current mortgage and investment rates to the Stock Exchange". More

branch closures, staff redundancies and a worsening of services would follow the decision to de-mutualise, he said.

After the meeting, Mr Budek said: "If we vote in favour of this, we will be handing over a portion of democracy that was handed to us on trust. We have no more moral right to sell off the Woolwich than the Queen has to sell Buckingham Palace."

Many members turned on a handful of supporters of so-called "carpetbaggers", the 30,000 investors who rushed to open accounts days before the float was announced in January, in the hope of winning free shares.

They were shut out retrospectively by the society. One member claimed that paying them off would only cost about £5 each.

Alliance & Leicester to axe 100 managers

Alliance & Leicester is making up to 100 of its branch and office managers redundant in a re-organisation of duties within the building society, writes Nig Cicutti.

Office managers, who run the society's 360 branches, will be replaced by branch managers. Meanwhile, responsibility for part of Alliance & Leicester's mortgage business will be passed to new teams operating in regional centres throughout the country.

The re-organisation, due to take effect in July, means that about one in five of 500 senior branch staff will lose their jobs. The news was broken to them at a series of regional meetings yesterday afternoon.

The new structure removes one of the duties traditionally carried out by old-style branch managers, that of winning mort-

gage business through the intermediary market, such as estate agents and financial advisers. They will be expected to run their branches instead.

Kevin Southwood, managing director of personal financial services, said: "The new structure recognises the increasing focus of branches on selling a wide range of financial services, whilst having a dedicated sales force who secure mortgage business through the intermediary market."

He stressed that many of the redundancies were expected to be on a voluntary basis.

Adrian Nurse, chairman of the Alliance & Leicester's staff association, said: "Obviously, we are very disappointed. At least this time, unlike other occasions, it is management staff rather than those below them who are being made redundant."

Funding setback for 'Sunday Business' launch

JOHN EISENHAMMER
Financial Editor

Britain's first business-only Sunday newspaper was insisting last night that its launch this weekend will go ahead despite the loss of its main potential backer earlier this week. Senior executives of Sunday Business spent yesterday frantically seeking fresh financial backing, after a second big potential backer on Wednesday broke off pre-launch negotiations.

Senior staff were told yesterday morning of difficulties but were assured by Tom Rubythron, the founder and editor, that the newspaper was going ahead, and the 65 journalists were writing for the launch.

"The paper is looking good, there are plenty of scoops. It will be a crying shame if we cannot come out," one senior reporter said.

An official spokesman for Sunday Business said there were any launch problems.

"I can assure you no backer has pulled out. If there is an issue it is about the phasing of investments," he said. "The difficulties are purely because we were relying on a potential backer coming on board and he is not, so there is a possible issue of post-launch money."

The chequered history of the launch, which already included one postponement and a pulled float on the Alternative Investment Market, took a marked turn for the worse on Tuesday when the biggest potential investor, the Hinduja family from Bombay, finally pulled out.

Problems over payment had reportedly already emerged with West Ferry Printers, half-owned by the Daily Telegraph, which were casting doubt on be-

ing able to print this weekend. Sunday Business said it had a fall-back printing plan.

The newspaper has booked television advertising slots for tonight and Saturday ahead of the launch.

It is believed that Sunday Business's initial cash funding is now close to exhaustion. Management assurances failed to dispel the gloom among staff about the newspaper's prospects.

One senior editor yesterday confided fears that the chances of the newspaper launching this weekend were slim unless last-minute talks to raise bridging finance bore fruit.

The costs so far have been largely borne by Mr Rubythron himself, who is said to have sunk about £1.5m into the venture. The plan was to raise a further £10m to cover the start-up financing. In February, Sunday

Business abandoned a plan to float on AIM, after receiving a cool response from would-be shareholders.

Mr Rubythron had been negotiating with the Hinduja brothers, who have an international investment business, as the potentially biggest investor, but they finally pulled out on Tuesday. Talks with another unnamed significant backer then reportedly ran into difficulties the following day, and one senior executive said they were not expected to return to the table before this weekend's planned launch.

Other senior Sunday Business executives are believed to be continuing discussions with potential backers.

One possibility now being raised is that, should Mr Rubythron fail to complete the financial arrangements, he would step aside as editor.



Still talking: Tom Rubythron, the newspaper's founder

STOCK MARKETS					
Index	Close	Day's change	Change (%)	1995/96 High	1995/96 Low
FTSE 100	3820.70	+15.10	+0.4	3825.30	3630.50
FTSE 250	4493.60	+29.90	+0.7	4493.60	4015.30
FTSE 350	1927.20	+8.70	+0.5	1927.20	1816.60
FT Small Cap	2169.83	+14.70	+0.7	2169.83	1954.06
FT All Share	1906.36	+8.99	+0.5	1906.36	1791.95
New York	5558.07	+6.14	+0.1	5558.07	3632.08
Tokyo	21812.50	-3.72	-0.0	21833.04	19734.70
Hong Kong	10909.29	-53.40	-0.5	11594.99	10073.39
Frankfurt	2536.52	+11.34	+0.4	2545.94	2253.88

INTEREST RATES					
Short sterling*			UK medium gilt		
1 Month	3 Month	1 Year	10 Year	Long Bond	(%) Yr Ago
5.88	6.38	8.07	9.39	8.16	8.38
5.38	5.75	6.57	7.01	6.84	7.35
0.56	1.06	3.32	3.32	-	-
3.25	3.31	6.45	7.09	7.17	-

MAIN PRICE CHANGES					
Rises	Falls	Stagnant	Price (p)	Change (p)	% Change
Lucas Industries	224	20	9.8	Shagrock Hodge	409
Ashley/Laurel/Higgs	180	16	9.8	Sainsbury's	365
Lon Merchant Secs	52	4	8.3	Racal Electronics	325

CURRENCIES					
£/\$			£/DM		
Yesterday	Change	Year Ago	Yesterday	Change	Year Ago
\$ (London)	1.5075	-0.10p	1.5125	0.6833	+0.04
\$ (NY)	1.5100	+0.35p	1.6092	0.6623	-0.15
DM (London)	2.2795	+0.58p	2.2098	DM (London)	1.5121
¥ (London)	162.011	-¥1.258	133.283	¥ (London)	107.470
₹ (India)	83.6	unch	84.5	₹ (India)	96.7

OTHER INDICATORS					
Yesterday	Day's chg	Year Ago	Index	Latest Yr Ago	Next Pgs
Oil Brent \$	18.40	-0.72	18.74	RPI	151.5+2.7p
Gold \$	391.20	-0.25	393.50	GDP	107.0+2.0p
Gold £	259.50	+0.00	244.03	Base Rates	-6.00pc

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02/11/2015

A curious move that will boost City coffers



COMMENT

'With Southern Company's approach to National Power now more or less certain to turn hostile, another barrowload of fees is heading in the City's direction'

Hostile takeover bids are always going to be a necessary and inevitable feature of any free market economy. Naive and misguided is the man who believes everything can and should be agreed by civilised negotiation. The real world doesn't work like that.

And in the Anglo-Saxon world at least, hostile bids are one of the few effective ways of bringing about management change or forcing the pace of corporate evolution.

Less clear is whether they actually ever produce any real economic benefit. What little serious research there has been on the issue is at best ambiguous. As a bargaining tool, a way of extracting fair value for shareholders in the target company, they may have something to commend them. Nor can companies in a free society ever be compelled to agree a takeover, however much it might be in their interests to do so. But "hostiles" are also essentially a racket, deliberately encouraged and fostered by City and Wall Street advisers as a way of earning fees.

This is a not undue exaggeration of the way it works. The predator is deliberately advised to bid low. Only in part is this motivated by the possibility of a bargain. No, what the advisers are really thinking about is turning the bid hostile, which in turn means higher fees. It also generally means two sets of fees, for the first bid is unlikely to succeed. Inevitably, it has to be followed by a second, higher offer. The same is true of the defending company's advisers, who generally get little out of an agreed deal. If they can

turn it hostile, their fee is immediately enhanced. If they can extract a higher offer, a multiplier sets in. If they successfully defend the company, it's like winning the Lottery.

To suggest that takeover battles are wholly motivated by such considerations is taking the argument too far. But City fees are certainly a large part of the equation. With Southern Company's approach to National Power now more or less certain to turn hostile, another barrowload is heading in the City's direction. It would plainly be unfair, as well as possibly libellous, to suggest that National Power's unambiguous and strongly worded rejection of Southern's approach is even in part the result of conspiracy to boost the City's coffers. But its refusal to talk in any shape or form about the possibility of an agreed deal is a curious thing. Even by its own admission, it hasn't seen what Southern has to offer yet.

To be fair to John Baker, chairman of National Power, in any merger proposal, shareholder value is not the only consideration. He doesn't accept the logic of the American proposal, he worries about their ability to finance such a huge deal and he genuinely believes his own alternative tie-up with a British Rec to be the better way forward. Commendably, he also wants to see National Power as its own force on the international stage, a powerful, British-run international energy group. But before closing the door entirely, he should at least listen to what the Americans have to say and offer. If they

launch a hostile bid and after 60 days of cut-and-thrust, investive and lobbying, they end up victorious anyway, the only real winners are going to be City investment bankers.

BA finds a US feeder

Insight is indeed a wondrous thing. Had British Airways possessed such a facility, it is plain that it would never have forked out \$400m to acquire a minority stake in USAir.

While the benefits of the alliance itself continue to flow through to BA's bottom line – they are now reckoned to be worth some \$150m a year – the investment itself turned into a lemon a long time ago. BA has been forced to write down the value of its holding by half and has forfeited any number of preference share dividend payments as USAir piloted itself into one bout of severe turbulence after another. So much for BA's guiding principle that in all joint ventures it is the cement of equity holdings that binds the partners together and makes the alliance work. It did not need 20:20 vision then for BA to decide that when it came to searching out another partner in the good of US of A it could dispense with the Readmix.

The deal signed yesterday with America West Airlines will provide BA with feeder traffic from a dozen south-western cities initially without it having to share the pain of

spiralling losses should the US airline industry go into a fresh tailspin.

Code-share agreements, such as the one that BA has stitched up with America West, are all the rage these days. They enable one airline to use another's services, flight codes and aircraft as if they were its own. There are some who believe this to be a massive deception on the travelling public. But it is nothing like the deception worked on shareholders when airlines believe the only way they can extract benefits from international alliances is by buying into one another.

Clarke works the smoke and mirrors

The good citizens in the City of London looked at yesterday's public sector borrowing figures and concluded that it would be hard to justify tax cuts this year. There is a hole of £3.2bn in the Government's finances compared with what the Treasury expected as recently as November, and £10bn compared with its forecast a year earlier.

Before we all get carried away by this tide of civic responsibility in the Square Mile, however, it is as well to remember that this is exactly what most of the same analysts were saying at the same stage last year. When they were looking at the public borrowing out-turn for 1994/5, the numbers were different but the record was the same. There was an overshoot and therefore no scope for tax cuts.

It did not stop Mr Clarke cutting taxes, nor, in the event, did the markets seem to think he had been wildly irresponsible. We will get tax cuts this year too. Perhaps not on the bonanza scale the right-wing of the Tory party might prefer, but Mr Clarke will be able to surprise us with a few billions' worth.

He is likely to dress up the fiscal arithmetic in the same way as last November. Planned spending totals for future years will be sliced even further. This technique was greeted with scepticism last year, when spending plans had slipped. However, the Treasury has cracked the whip this year, so 1995/96 spending was only £1bn above its target. If it succeeds as much during the course of this year, reducing future totals will look a bit less like pie in the sky.

The second element will be the usual reduction in the contingency reserve as the year to which it applies draws closer. The 1997/98 reserve stands at £5bn and could respectably be halved.

The third source of money for cutting income tax will be increases in other taxes. In last year's Budget Mr Clarke raised about £500m from "anti-avoidance measures". He will do the same again. Thus, through a combination of smoke and mirrors, promised though not delivered cuts in spending, the never-ending of the private finance initiative, and a bit of help from the corporate sector, the Chancellor will find £5bn to hand back to the voters. And when the time comes the City will greet it as a responsible Budget.

Economy: As European interest rates fall, inflation worries temper hopes of further UK moves

Bundesbank cuts rates as recession fears grow

DIANE COYLE
Economics Editor

Germany's Bundesbank cut its key interest rate by half a point to an all-time low of 2.5 per cent yesterday. The surprise move was a reaction to fears of recession in Europe's biggest economy.

Finance minister Theo Waigel said the fall in the cost of borrowing would help boost growth. But the economics ministry said it was doubtful whether the economy would achieve its 1.5 per cent growth forecast this year.

The feeble state of the German economy will be on the agenda at this weekend's meeting of the Group of Seven industrial countries in Washington. The Bundesbank's chief economist, Otmar Issing, said yesterday: "The economy is weak but this is not a recession. We still hope the second half of the year will be better."

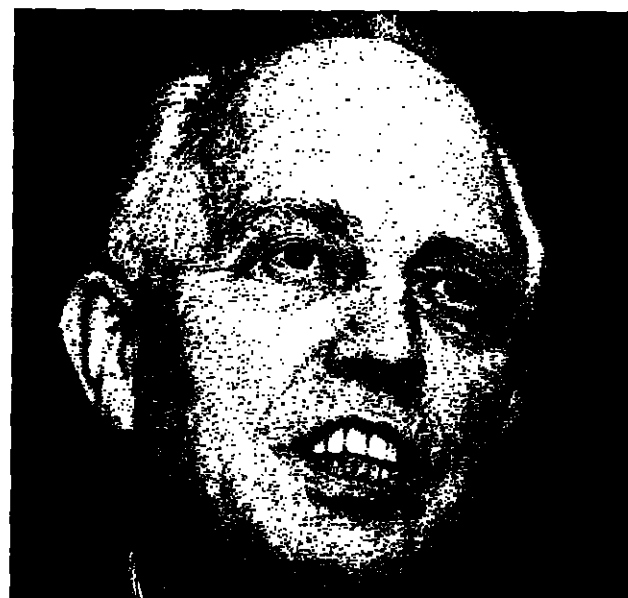
The move came as a surprise because financial markets ex-

pected rapid growth in M3, the Bundesbank's monetary target, to delay a move. The statement with yesterday's reductions said: "Monetary trends are over-stated by current figures."

In March M3 grew at an annualised rate of 12.2 per cent compared with the fourth quarter of 1995. This was slightly lower than February's 12.8 per cent but well above the 4 to 7 per cent target. However, Hans Tietmeyer, the Bundesbank president, said: "We see no direct inflation risk."

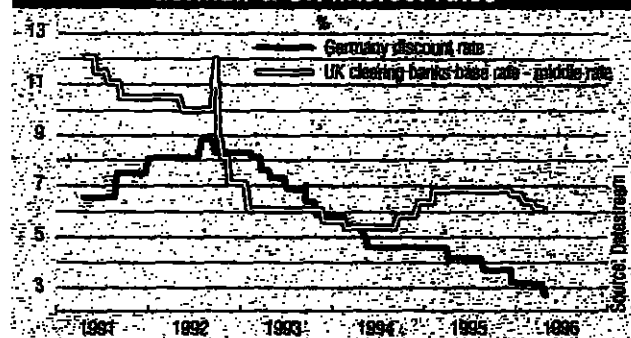
Julian Jessop, an economist at HSBC Markets, said: "The economy is clearly struggling and there is no inflation threat on the horizon. A half-point rate cut buys a little insurance against the risk that the expected economic recovery disappoints." Some economists suggested the Bundesbank might reduce rates even further if the economy remained weak later in the year.

Michel Camdessus, managing director of the International



Hans Tietmeyer: Denied any direct risk of inflation

German & UK interest rates



Monetary Fund, said the German move was "desirable". He said France should take advantage of the strength of its currency by following suit.

The Bundesbank's move was swiftly followed yesterday by rate reductions in Austria, Belgium, Denmark and the Netherlands. Austrian interest rates are at their lowest since the end of World War Two. Spanish and Italian central banks are expected to follow suit.

Germany's GDP fell by 0.4 per cent in the final quarter of last year, and could have shrunk by as much as 1 per cent during the first three months of this year.

The Bundesbank cut its discount rate, which sets a floor for other interest rates, by half a point to 2.5 per cent. It also cut half a point off the Lombard rate, taking it to 4.5 per cent. It fixed its repo rate, the key rate for money market intervention, at 3 per cent for two weeks.

£3bn borrowing overshoot cools hopes of tax cuts

The Government borrowed over £3bn more than its target in the financial year to March, leading City economists to conclude yesterday that there was no room for tax cuts in the next Budget, writes Diane Coyle.

With inflation flat last month, rather than falling as expected, the City believes there is no scope for lower interest rates either. Kevin Darlington, at Hoare Govett, said: "The electoral bias will be to go for another cut, but financial markets would punish ill-founded policy movements."

There was further evidence yesterday of the gradual pick-up in the economy that has turned the tide of opinion on interest rates. Sales growth among service businesses was the highest for a decade in the first quarter of this year, according to the British Chambers of Commerce, although manufacturing remained weak.

Separate figures showed a 5.3 per cent jump in car production in the first quarter. Output for export was up 11.3 per cent while home car production was down a fraction.

The gap between government spending and revenues in 1995/96 was £32.2bn, compared with targets of £29bn set in the last Budget, and £21.5bn set in the 1994 Budget. "Tax cuts in November's Budget would be hard to justify," said David Walton at Goldman Sachs.

Excess spending accounted for £1bn of the overrun, while

lower corporate taxes, VAT and income tax revenues explained the rest. Economists regard missing the spending target by "only" £1bn as an achievement, while corporate and income taxes were seen as acceptably close to their target.

However, the shortfall in VAT revenues during the past 12 months has the Treasury puzzled. It has research under way to find out the cause.

A spokesman said yesterday that the public sector borrowing requirement remained on a downward trend. It was £3.7bn lower than in the previous financial year, or almost £8bn when privatisation receipts are excluded.

The City thinks government borrowing is likely to fall further this year, but most experts see the Chancellor's £22.4bn target as over-ambitious. Independent forecasters put it at between £25bn and £30bn.

Separate figures showed headline retail price inflation unchanged at 2.7 per cent last month. The target measure, excluding mortgage interest payments, stayed at 2.9 per cent, compared with the 2.5 per cent target.

There was upward pressure from house prices, seasonal foods and leisure goods, offset by lower prices for petrol. Weather accounted for many of the seasonal food price increases. Cold weather in Spain raised lettuce and tomato prices.

IN BRIEF

• BT has won a VAT tribunal case that may lead to hundreds of British companies reclaiming VAT paid on their car fleets as far back as the 1970s. The case – which began last year, when BT decided to challenge having to pay the tax on the delivery of its 11,000 cars – turned on the fact that the UK government has never drawn up national legislation to implement the European directive dealing with VAT. But Ernst & Young, BT's tax adviser, also argued that the charges for the delivery of the cars were distinct from those for the supply of the cars themselves – and so outside a "blocking order" the UK applies to the directive in order to prevent VAT on cars being reclaimed.

• Orange plc, the national digital cellular telephone service, said it had more than 500,000 active customers. Since January 1996 Orange has acquired more than 120,000 new customers, said the company – which has just been floated at a valuation of £2.45bn.

• Banzl, the international paper and plastics group, said it had agreed with Norcor to acquire the PP Payne group of companies, a supplier of self-adhesive tear tapes and a manufacturer of plastic strapping, for £43.4m. The operating profit of Payne and its subsidiaries for the year ended March 1995 was £4m.

• Royal Insurance chairman Allan Gormly said he expected operating profit in the first quarter to be lower than at the same time last year because of severe weather. Addressing shareholders at the insurer's annual general meeting, Mr Gormly said the first two months of 1996 had experienced a continuation of the severe weather seen at the end of 1995 in the US and the UK. He added "one quarter's result in the insurance industry is not significant and I am pleased to confirm that we still face 1996 with confidence."

• Airbus Industrie, the consortium that builds the Airbus, said it expected aircraft deliveries to rise 37 per cent to 185 aircraft in 1997 and that it would deliver 135 aircraft in 1996. Airbus said it would make changes to speed up its delivery schedule to meet the increased demand.

• Guardian Royal Exchange and the Royal Automobile Club (RAC) have confirmed that discussions are being held about a long-term strategic alliance, centred on the use of the RAC brand name for the marketing of insurance and financial services products and the acquisition of the RAC Insurance Services operation. RAC Insurance Services currently has more than 300,000 policies, predominantly motor, on its books, which together with Guardian Direct would make GRE a leading direct insurance writer in the UK with half a million direct policies.

• The De Benedetti family holding company denied a news report that Olivetti & Co SpA is in talks with Machines Bull and France Telecom to swap equity and merge its computer activities with those of Bull. A CIR spokesman said "no negotiation is in course with the French computer group".

• Oxford Molecular Group plc said it had entered into an agreement, in principle, for a three-year collaborative research programme with Yamanouchi Pharmaceutical, centred on the identification of modulators of a class of proteins known as ion channels. Under the terms of the agreement, Yamanouchi, the third-largest pharmaceutical company in Japan, will have exclusive rights to develop and license compounds invented during the collaboration.

• Cie Generale des Eaux said it had a net loss of Fr3,686bn (£490m) in 1995, after a net profit of Fr3,355bn (£452m) a year earlier. The company expects to return to "good levels" of results from ongoing operations from 1997 onwards.



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Trafalgar House clears decks

MAGNUS GRIMOND

Three executive directors of Trafalgar House, the QE2 to construction group, are set to pick up a total of £862,000 following their removal from the board yesterday.

The move comes as part of a wholesale clear-out by Kvaerner of Norway following news that its £904m bid had gone unconditional. One survivor is Peter Ward, chairman and chief executive of the troubled Cunard shipping line, who keeps his job.

Nigel Rich, the chief executive who was appointed by former majority shareholder Hongkong Land in August 1994, is expected to pick up a severance cheque of £350,000. David Gawler, finance director, is in line for £215,000 and James Watkins, legal director,



Nigel Rich: expected to receive £350,000 pay-off

could take away £297,000. All three are on a one-year fixed contract and are expected to receive their full contractual entitlements.

There will be no options payments as the bid price of 50p a share is well below the level at which option shares due to senior management are priced.

Mr Ward, who was paid a basic salary of £88,000 last year, is being kept on despite continuing embarrassments over the flagship QE2 luxury cruise liner.

Earlier this month, Cunard confirmed that it had received a £15m compensation claim from Egypt after the ship ran aground on a reef in the Red Sea.

The incident followed a disastrous voyage in 1994, when the QE2 set sail before a reef had been properly completed and Cunard had to pay compensation to passengers totalling £8.4m.

Other to stay at Trafalgar are John Fletcher, director in

charge of business development, and Alan Winter, commercial property director.

Kvaerner has appointed Erik Tosseth, its president and chief executive, as new chairman and chief executive of Trafalgar. At the same time, Jan Magne Heggelund, the Norwegian group's senior vice-president and chief financial officer, and Jan Greve, another Kvaerner director, have also been appointed to the Trafalgar board.

As expected, all the non-executive directors are leaving. These are the chairman, Simon Keswick, son of the family which controls Hongkong Land; Charles Powell, non-executive deputy chairman; Dick Evans; Archibald Forster; Rodney Leach and Bob Stenham.

The clear-out marks the final end of a sorry chapter for the Keswick family.

BA in pact with America West

MICHAEL HARRISON

British Airways further strengthened its presence in the US yesterday by signing a marketing alliance with America West Airlines giving it access to passengers in the vast West Coast market.

The deal will allow BA to feed transatlantic passengers on to 96 domestic destinations served through America West's hub airport at Phoenix, Arizona.

In return America West, the US's ninth-largest carrier, will have access to BA's world-

wide network of 194 scheduled destinations in 84 countries.

The agreement is similar to the alliance that BA has with USAir except that BA has no plans to take an equity stake in America West. It has paid \$400m (£263m) for a 24.6 per cent stake in USAir.

Under a code-share agreement with America West, BA plans, subject to US government approval, to start services to 11 destinations in the western US including Las Vegas, San Jose, Tucson, Albuquerque, El Paso, Los Béch and Ontario via Phoenix.

BA will launch a daily service from Gatwick to Phoenix on 1 July. Passengers will be able to book through tickets to destination beyond Phoenix as if it were a single flight, using the same flight code.

Passengers on each airline will also be eligible to earn and redeem mileage benefits on the other's frequent flyer programme.

America West flew 12.5 million passengers in the first nine months of last year and for the whole of 1995 made pre-tax profit of \$119m. It has 5,500 employees and a fleet of

72 aircraft and also has hubs in Las Vegas and Ohio.

The code-share agreement with USAir covers 71 destinations and is estimated to add about \$150m a year to BA's bottom line through extra passenger revenues and cost savings.

But the equity stake itself has proved a poor investment. Last year BA was forced to write down the value of the investment by a half and it declined to take up its rights in a new preference share issue.

BA said there was no question of taking an equity stake in America West at the present.

Henry Boot

1995 ANNUAL RESULTS

Year ended 31st December 1995			1994
Turnover	£179.2m		£184.0m
Profit before tax	£8.7m		£8.2m
Earnings per share	23.6p		22.8p
Dividends per share	7.5p		7.1p
Net assets per share	198p		184p

Operating Profit Up	7%
Dividends Up	6%
Record Pre-Tax Profit	£8.7m
Net Assets per Share Up	8%

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22
business

RMC homes in on further growth

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Any company that issued a profits warning just seven months after raising £489m to finance a spending spree would normally set alarm bells ringing among investors. But there are mitigating circumstances for RMC, the world's largest producer of ready-mixed concrete. The group has an excellent track record and there are good grounds for believing that growth will be resumed after a lull in 1996.

The rather gloomy short-term outlook makes RMC's record 1995 figures yesterday rather academic, although they do highlight the sheer quality of the company. Underlying profits before exceptional items jumped 16 per cent to £320m, despite a weakening of demand and lower volumes in Germany and the UK, RMC's two biggest markets.

The UK industry is showing much more restraint than it did in the dark days of 1992, when a price war meant RMC made just £10m on £1bn of turnover in its home market. Despite a 6 per cent fall in ready-mixed volumes in 1995, price rises of a similar amount and lower costs meant margins improved last year.

Based on better trading over the past month, RMC is optimistic the second half should show the UK housing market bouncing back from last year's destocking and the prolonged winter that prompted the profits warning.

More important is what happens in Germany, which contributes 52 per cent of group profits, but which was flat in local currency terms last year. Quite apart from the weather, the outlook there remains decidedly cloudy, as yesterday's decision by the Bundesbank to cut rates acknowledges. Last year's 13 per cent fall in housing permits will have a follow-through effect on 1996. The downturn comes just as RMC is completing the £300m refurbishment of its Rudersdorf cement works in eastern Germany and hot on the heels of its £367m purchase of the minority in its ready-mix operation there.

But RMC's acquisition cost of eight times historic earnings should take account of the position in the cycle when making the acquisition, while Rudersdorf should be protected short-term by the booming Berlin construction market, to which it is adjacent.

RMC is confident the strength of the local market means it can outperform German industry forecasts of an 8-10 per cent fall in volumes this year. And if bad weather and lack of confidence restrain Europe this year, RMC's non-European operations in America and Israel continue to forge ahead.

Year-end gearing of 31 per cent means RMC could add to its aggregate interests in the UK, although it was

playing down prospects of a bid for either Camas or Bardon yesterday. Profits cut to £300m this year would put the shares, up 2p at 1.052p, on a forward multiple of 15. A firm hold.

New shapes at Laura Ashley

The Ann Iverson factor continues to boost Laura Ashley shares, which have doubled since the straight-talking American joined as chief executive last July. They rose another 11p to 175p yesterday as the market responded to a £10m profit for the year to January, reversing a loss of £30m the previous year when the figures were hit by heavy restructuring charges.

The company says the Laura Ashley turnaround will take two to three years and there is a danger that the shares are running ahead of themselves, but the building blocks of a genuine recovery are gradually being put in place.

The plan to expand the group's sales in home furnishings to two-thirds

of total sales and reduce the garment element looks interesting. Meanwhile, the proposal to open more stand-alone furnishing stores and expand the amount of space devoted to sofas and wallpaper should yield higher returns, particularly as the group's home furnishings production is far more efficient than its garment-making.

The store portfolio is being reshaped, with smaller stores being closed and replaced by larger outlets which can show a wider range of the home furnishings on offer.

Manufacturing is also being radically overhauled. Finance director Jim Walsh says the group's manufacturing plant in Wales had "lost touch with economic reality", with horrific levels of seconds and utilisation running at a lowly 70 per cent. The 1,100 jobs in the Welsh operation will fall to around 700 over the next three years. Cost savings of £2m-£3m are expected, but a sale or closure is not ruled out.

The supply chain and distribution system are also being put under the microscope, as are selling prices, which Ms Iverson says were too high.

The mail order business, which was

reined back sharply in 1995 after a disastrous year, is being relaunched.

The dividend of 0.5p is a demonstration of confidence only partly borne out by current trading figures, which are strong in the UK but have fallen in the US and Europe. Analysts are forecasting profits of £16m this year, which puts the shares on a recovery rating of 36. So far so good, but the prospects are already in the price.

Fisher offloads the losers

Stephen Walls' tenure at the helm of Albert Fisher, the food group, has been punctuated by large exceptional charges as he has struggled to reshape the business away from low-margin, "commodity" areas. Thus far, the shares have resolutely failed to respond to the Walls treatment. Even after yesterday's 2.5p rise to 48.5p, they have underperformed the rest of the market by 47 per cent in the three years since he added executive duties to his chairman's role.

The hope is that yesterday's announcement of a new bout of disposals and write-offs will re-establish Fisher on the growth track. The biggest hit comes with the decision to withdraw from the German wholesale produce business, which will result in a £42.8m exceptional charge this year. The group also revealed that it was discussing the disposal of a majority stake in its North American distribution business and its joint lettuce-growing venture.

Together, the three disposals will remove profits which totalled £3.6m last year and, Fisher revealed yesterday, turned in losses of £4.5m in the latest six-month period to February. The deficit on discontinued operations held operating profits broadly level at £23.3m in the first half, while the exceptional items plunged the group to a pre-tax loss of £24m, reversing profits of £12.6m last time. Analysts drew some comfort from the fact that Fisher held the half-way dividend at 1.85p.

Fisher operates in difficult markets and the four-fifths growth in first-half profits from European food processing bears out its strategy of concentrating on value-added areas. The moves should help narrow the focus of the business but its remaining fresh produce and seafood operations remain prone to the vicissitudes of nature and big store groups. Profits of £41m before exceptional losses put the shares on a forward p/e of 12. Fair value.

The Old Lady lifts her skirts on the Internet

CITY DIARY

JOHN WILLCOCK

The Old Lady of Threadneedle Street is on the Net. The Bank of England began publishing information in its own Internet pages yesterday.

A spokeswoman said that by four o'clock in the afternoon the site had had "quite a few visitors". Anoraks all over the world - and normal people - will be able to learn about the Bank's history, its bank notes, impending publications, courses for central bankers and so on. "It's full of fascinating insights," the spokeswoman said - a trifle hopefully.

Even better news from the Bank of England. It is also planning to construct a comfy new reception area for visitors - instead of leaving them to the series of cold marble benches that presently do the job.

One of the old banking halls at the Threadneedle Street building will be converted later this year, if everything goes to plan.

Accountants Ernst & Young referred to the 1688 Bill of Rights to win a VAT case last week on behalf of BT. Rumours that tax cases will henceforth be decided by trial by ordeal are said, however, to be unfounded.

SBC Warburg has lost yet another senior corporate finance executive, just a month after losing two other directors to rival banks. Philip Yates, SBC Warburg's joint head of UK corporate finance, has jumped ship to join Merrill Lynch in its

Wilf Dixon, a director of Executive Protection, a security firm, was recently doing research on construction company John Mowlem plc. He noticed that one of its trading names, Mowlem Civil Engineering, had been struck off the register, and was up for grabs. He registered the name for himself for the £90.50. He said he may use it later this year if he goes ahead with plans to build a US-style walled community of executive homes with controlled access. The subject does not amuse Mowlem, which is understandable, since companies routinely drop old names and register new ones for housekeeping.



Going for gold: The Bank has cast its net farther afield

Ropemaker Place offices off the City's Finsbury Square.

Last month Nicholas Fry, another senior SBC Warburg corporate financier, defected to NatWest markets, while Stella Couthurst went to BZW. Sources predicted more defections then because of culture clashes with the new Swiss bosses, who are said to be more transaction- and product-driven than the traditional Warburgers. SBC Warburg will have none of this, but Mr Yates was certainly doing some important deals there.

He helped advise Bank of Ireland on its £600m takeover of Bristol & West Building Society, and Cordiant's £133m rights issue and refinancing. What's more, Mr Yates is an Oasis fan. All together now, "You've got to roll with it..."

As the rest of the membership started to shift impatiently in their seats, the questioner ploughed on, and asked why former chief executive Peter Robinson had been sacked two weeks ago, to which Sir Brian replied: "I think you should listen to Radio Four." The audience collapsed.

Sir Brian Jenkins is blossoming as chairman of the Woolwich, one of the building societies which plans to convert to bank status. Yesterday Sir Brian, a former Lord Mayor of London and distinguished accountant, made a joke.

At Woolwich's AGM yesterday a venerable gentleman member, dressed in a large felt hat and thick overcoat, rose during the "any questions" session and said to Sir Brian: "I hear on the BBC's Radio Four that we are going to get £1,000 each [when the society converts]. Is this right?"

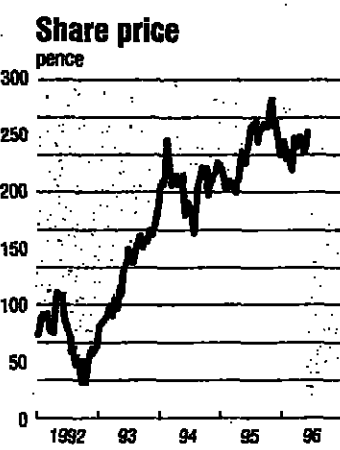
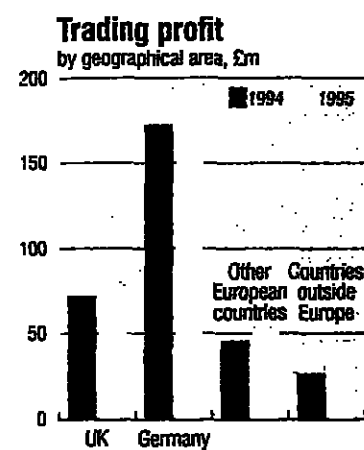
Sir Brian said the situation would be made clear at a later date. The member then said: "Is it near to £1,000?" The chairman said they would make sure it was as much as possible.

As the rest of the membership started to shift impatiently in their seats, the questioner ploughed on, and asked why former chief executive Peter Robinson had been sacked two weeks ago, to which Sir Brian replied: "I think you should listen to Radio Four." The audience collapsed.

RMC: at a glance

Market value: £2.61bn, share price £10.50

Five year record	1991	1992	1993	1994	1995
Turnover (£2m)	2.80	3.14	3.17	3.68	4.12
Pre-tax profits (£m)	167	166	178	283	342
Earnings per share (pence)	34.8	30.2	38.1	66.3	81.4
Dividends per share (pence)	19.3	19.3	20.3	22.2	25.0



House of Fraser to unload weak stores

NIGEL COPE

House of Fraser is to sell several of its underperforming department stores in a restructure that could see the disposal of DH Evans, the well known Oxford Street store in London.

The announcement came yesterday as the company announced a dramatic 50 per cent slump in profits to £1.4m due to continuing stock problems and weak sales.

Brian McGowan, the chairman who last week appointed the former Texas Homecare chief John Coleman as the

group's new chief executive, also admitted for the first time that he had vigorously pursued the high-profile American David Dworkin for the top job but eventually decided to appoint Mr Coleman instead.

"I like Dworkin very much. He talks a lot of sense, he's a good retailer and I think I could have worked with him. I also think we could have agreed a remuneration package that would have been acceptable to the City."

However, Mr McGowan said he had chosen Mr Coleman, "because I thought he was the

better man for the job." He added: "I realise I will have to live or die by my choice."

He dismissed comments by some in the City that not appointing Mr Dworkin, the former chief executive of Storehouse, was "the worst mistake" of his career. "That's absolute rubbish," Mr McGowan said.

The House of Fraser chairman met Mr Dworkin in London and at Mr McGowan's home in Colorado. Mr McGowan maintains he was turned down by no one, although there is a feeling in the City that he

American ruled himself out before the job was offered. It is thought that Mr Dworkin would only accept the position if the company declared further provisions to cover excess stock, which Mr McGowan was not prepared to countenance. "There is a credibility gap here," one analyst said.

Mr Coleman joins at the end of the month when his priority will be to appoint two new merchandise directors.

House of Fraser, which operates 51 department stores including Debenhams and Jones and Army & Navy, is still labouring

under poor stock control and buying problems, which have forced the company into an almost permanent sale.

Around £21m of old stock has been carried into this year. Gross margins have declined by 1.6 per cent. However, the company said like-for-like sales in recent weeks were 4.5 per cent higher.

Mr McGowan admitted that the group's sales per square foot average of £173m was still lamentable, with the worst stores achieving less than £100. The target is £200 per square foot and the laggards will be closed.

DH Evans is a candidate as it is surrounded by more successful rivals such as Selfridges and John Lewis.

In the year to January profits of £14.3m were struck on flat sales of £749m. The dividend was maintained at 5.5p. The shares rose 2p yesterday to 174p.

Elsewhere on the high street, the fashion retailer French Connection is also struggling. Its profits halved from £7m to £3.4m last year due to trading problems in the US and Europe, though trading has improved since the year end.

COMPANY RESULTS				
Turnover £	Pre-tax £	EPS	Dividend	
Laura Ashley (F)	337m (223m)	10.3m (30.6m)	2.97p (13.41p)	0.5p (nil)
Barclays (F)	2.93m (2.1m)	0.70m (0.41m)	2.94p (2.04p)	2p (1p)
Booths (F)	11.4m (9.6m)	1.01m (0.85m)	7.8p (11.46p)	3.4p (2.64p)
Debenhams (F)	82.4m (84.3m)	18.9m (15.8m)	20.9p (16.8p)	6.5p (5.75p)
Debenhams & Sons (F)	178m (184m)	8.69m (8.16m)	23.8p (22.8p)	7.5p (7.1p)
Debenhams (F)	21.8m (15.5m)	9.48m (8.38m)	11.77p (7.72p)	nil (nil)
Cassell (F)	23.2m (22.6m)	0.74m (0.63m)	8.3p (13.1p)	4.5p (3p)
Edinburgh Properties (F)	1.1m (0.55m)	-1.04m (0.8m)	-24.1p (22.1p)	nil (-)
Ernst & Young (F)	77.3m (74.9m)	1.0m (1.31m)	0.34p (1.35p)	0.1p (nil)
Albert Heijn (D)	628m (756m)	-34.0m (12.8m)	-4.14p (1.01p)	1.85p (1.85p)
Fortune Oil (F)	93.0m (88.2m)	2.17m (1.11m)	0.2p (0.1p)	nil (-)
French Connection (F)	70.7m (70.5m)	3.43m (8.55m)	10p (23.2p)	2p (nil)
House of Fraser (F)	748.9m (754.7m)	14.3m (28.0m)	5p (5.2p)	5.5p (5.5p)
John Lewis (F)	78.6m (78.8m)	1.1m (0.85m)	3.2p (2.6p)	2p (1.8p)
Waco Group (F)	14.6m (12.4m)	0.82m (0.47m)	0.31p (0.29p)	0.12p (-)
RMC Group (F)	4.61m (4.18m)	342m (283m)	81.4p (68.3p)	25.3p (23p)
Style (F)	198m (165m)	3.68m (8.82m)	8.45p (11.49p)	4.65p (4.65p)
Wendy Group (D)	67.5m (72.7m)	-3.44m (5.81m)	-2.44p (2.41p)	nil (-)

(F) - Final (D) - Interim

Cottage holidays with THE INDEPENDENT

SPRING BREAKS FOR £5 PER PERSON PER NIGHT

Escape to the countryside for a Spring break with The Independent and the Independent on Sunday Cottage Holiday offer. We've teamed up with Blakes Country Cottages to offer readers the opportunity to sample Blakes great family holidays in a selection of hand-picked properties for just £5 per person per night.

Blakes Country Cottages are one of the largest and most experienced cottage holiday companies in Britain, with a range of almost 2000 properties to choose from in the most popular parts of Britain.

This exclusive offer applies to 200 properties in 18 selected holiday sites, with accommodation ranging from a converted stable block, to the wing of a country house, to cosy woodland lodges. There is always plenty to enjoy, from peaceful walks in the country to riding and games rooms for the children. Simply ask for details when you call Blakes to book.

The offer allows you to stay for £5 per person per night and you must stay for a minimum of seven nights. Holidays can be taken between 20 April - 24 May 1996. Accommodation is suitable for parties of two to twelve. Accommodation must be booked at maximum occupancy, for example a party of four cannot occupy accommodation which sleeps seven.

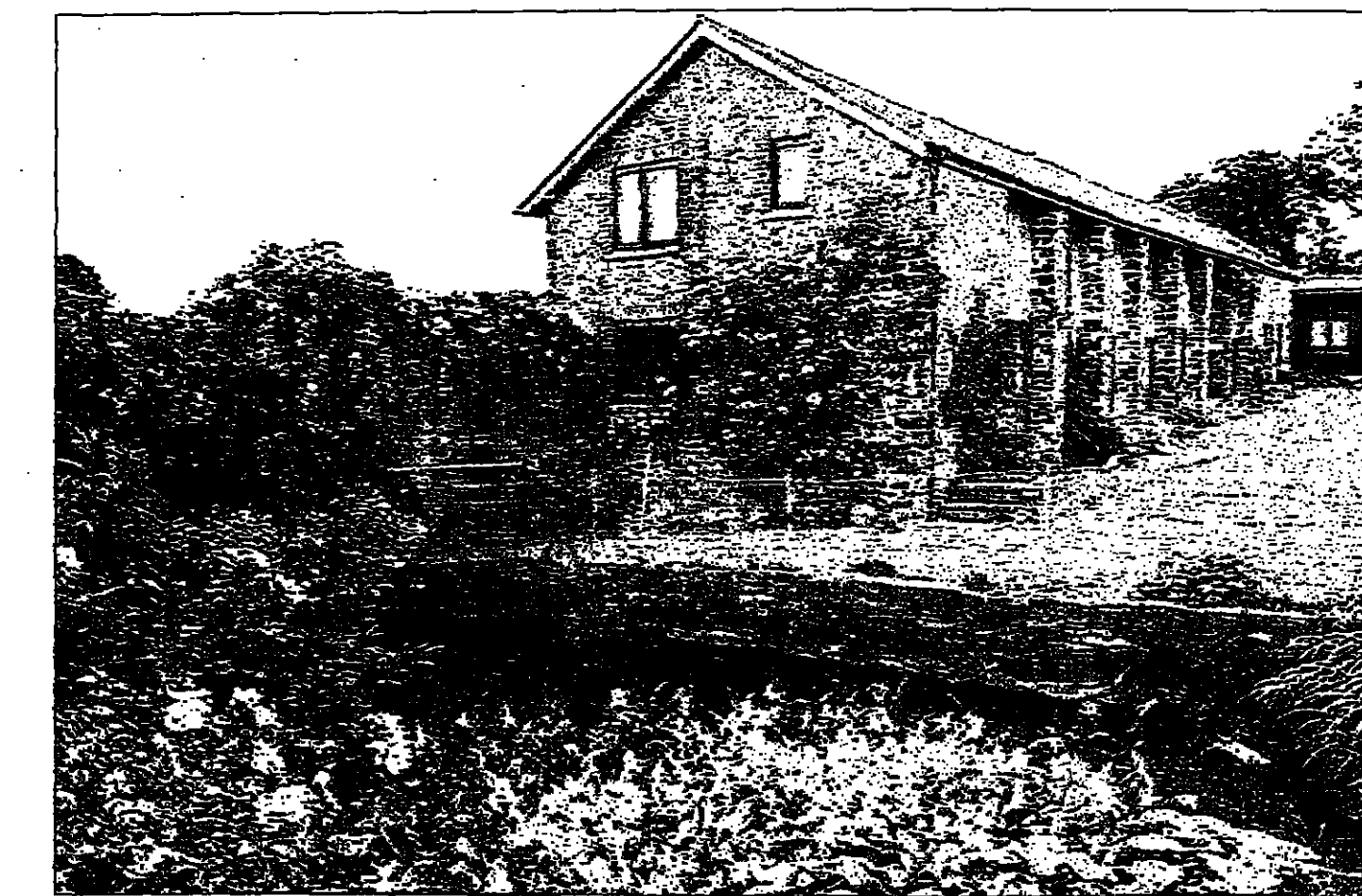
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Simply collect four differently numbered tokens from the seven we will be printing until Saturday 20 April. Today we are printing Token 6.

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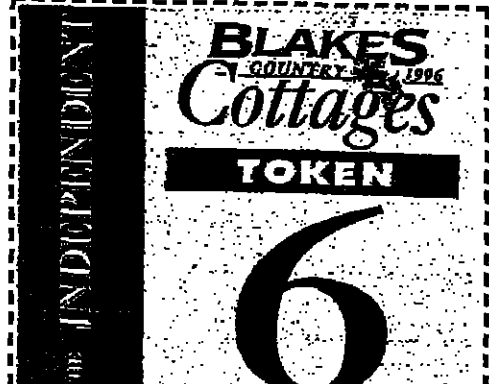
Give your advisor the following details:
(a) Your preferred holiday area: North England, West Country, Scotland or Wales.
(b) The number of adults and children on holiday.
(c) The holiday start and end dates.



Pictured is one of the cottages of Collacott Farm in King's Nympton, North Devon. These comfortably furnished period stone cottages, are grouped around a cobbled courtyard. Set in 18 acres of beautiful countryside and 5 miles from South Molton, Collacott Farm offers activities for the whole family, including its own riding centre. It provides the perfect base from which to explore the attractions of North Devon.

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- The Cottage Holiday offer is subject to availability.
- Over 200 units of accommodation are available per holiday week.
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- Holiday must start and finish between 20 April and 24 May 1996.
- Blakes Country Cottages, the name of which is used under licence from Blakes Holidays Ltd., is a trading division of Holiday Cottages Group Ltd.
- Normal terms and conditions of booking apply. These are published in Blakes Country Cottages brochures and are available upon request.
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You will then be offered a choice of suitable properties and will be given details of the location, facilities and accommodation.
If you wish to confirm your booking you will be asked for full payment by credit card or cheque.

You will be asked to send your tokens with your cheque (made payable to Blakes Country Cottages) to: Blakes Country Cottages, Spring Mill, Earby, Nr Colne, Lancashire, BB8 6RN. If you are paying by credit card, your advisor will tell you

where to send your tokens to.
Please note, you may book immediately before you have collected your four tokens, but you will require the tokens for final confirmation of your booking.

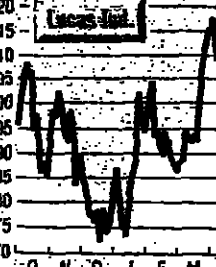
market report/shares

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FT-SE 250
4493.6 +29.5
FT-SE 350
1927.2 +8.7
SEAQ VOLUME
987m shares,
40,753 bargains
Gilt Index
92.29 +0.10

SHARE SPOTLIGHT

Shares price, pence



Boys in dark glasses alight on Lucas as takeover target

TAKING STOCK

After their astonishing success with National Power the legendary boys in dark glasses have alighted on another potential takeover victim.

Lucas Industries had the distinction of being the latest candidate. In hectic trading the shares surged 20p to 234p, touching 232p. American, German and UK bids were rumoured to be on the horizon.

There was also more mundane talk that it was about to sell its aerospace side.

The domestic bidder was said to be GEC, a theory no doubt inspired by the pending departure of Lucas chief executive George Simpson to GEC.

Lucas was not the only company to excite the stock market as stories of corporate action swirled around.

peak of 4,493.6 with the German interest rate reduction helping sentiment.

Cable & Wireless was another share to shine. It jumped 24p (after 28p) to 546p on suggestions the huge merger with BT had, excluding regulatory requirements, been settled.

BT put on 6.5p to 379p. Christies International was again back in the corporate frame. The auctioneer climbed a further 7p to 226p (after 231p) as the market indulged in speculation about the intentions of near-30 per cent shareholder Joseph Lewis, an immensely wealthy Bahamas-based investor.

He has carefully put together his commanding shareholding leaving the market puzzled whether he intends to bid for control—or sell his stake to a potential predator.

Mr. Lewis could, if he so wished, produce the £300m or so for a strike. Since failing to



MARKET REPORT

DEREK PAIN

Stock market reporter
of the year

score in the 1970's London leisure boom he is reputed to have become a billionaire through currency trading.

Utilities were back in the spotlight with London Electricity powering ahead 28p to 813p on talk of a bid from Thames Water or one of the US utilities. A price of 900p a share is the popular guess.

National Power, which has attracted the attention of the Southern Co of the US, rose 10p to 588p with the partly paid up 9p at 43p. PowerGen gained 5p to 604p with its partly paid up 4p at 463p.

Micro Focus, the computer group, enjoyed another outstanding session as US bid

hopes continued to circulate, gaining 30p to 1,168p. The shares were 680p at the start of last week.

Rolls-Royce was another to put up a good fight, up 9p to 237p, a peak. SBC Warburg was positive and an analyst visit to its US operations is due next week. There is talk the US trip will be accompanied by news of substantial engine orders.

Reuters, the information group, advanced 23.5p to 777p on rumoured ABN Amro House Govett support and a 4.5p rise to 196p as sentiment continued to swing in favour of the proposed deal.

NatWest Securities merger. NatWest Securities was said to have picked up 10

million shares at 196p. Ladbroke added 5p to 196p as the takeover stories continued to raise a sweat. Once again turnover was significant with many hardened operators convinced a bid from Bass, Hilton Hotels of the US or the latest rumour, Scottish & Newcastle—will materialise soon.

Pearson, the banking and media group which is another long-time bid favourite, jumped 20p to 739p.

The drug-happy pharmaceutical pitch produced another crop of plusses. Scotia jumped 46p to 709p on reputed Lehman Brothers buy advice and Celtech, where talk of a bid is growing stronger, added 22p to 580p. Cortes International rose 23p to 357p.

Metallgesellschaft, the publisher, drifted 30p lower to 915p, instead of the rumoured bid, the company announced it was buying 49 per cent of Senacor for £1.2m. It provides information on shipping and shipbroking.

Hoare Govett's small company technology team, using turnover as the main measure, has, it is said, produced share targets for a number of hi-tech groups. It decided shares of Acorn Computers had a value of 350p against a market price of 210p; MAID 210p (208p); Psion 1,250p (1,018p, up 78p) and Virtuality 350p (245p).

Symonds, dropping engineering from its title to underline its electronic operations, returned to market at 71p. The shares were suspended at 61p. For the £11.5m acquisition of Zim, a maker of printed circuit boards, the shares were valued at 50p.

Metallgesellschaft, the publisher, drifted 30p lower to 915p, instead of the rumoured bid, the company announced it was buying 49 per cent of Senacor for £1.2m. It provides information on shipping and shipbroking.

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Water Hall, where Rachid Abdullah has control, is thought to be on the verge of a significant acquisition. According to stock market rumours it is near to buying a leisure business, largely in exchange for shares.

Formerly called Starmis, the group has had a difficult time and has made no secret of its desire to get out of its traditional aggregates and landfill businesses. The shares held at 1.5p.

Mice, the conference and exhibition group, firmed to 5.5p after a 73 per cent profit advance to £817,000 and a year's dividend of 0.12p, 25 per cent higher than last year's prospectus forecast.

Around £1.2m is expected this year. Chairman Mike Curley is looking for acquisitions and is talking to nine companies.

Alcoholic Beverages

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Banks, Merchant

Company	Price	Change
Barclays	1.10	+0.05
Bank of Scotland	1.10	+0.05
Bank of Ireland	1.10	+0.05
Bank of London	1.10	+0.05
Bank of Montreal	1.10	+0.05
Bank of New York	1.10	+0.05
Bank of Paris	1.10	+0.05
Bank of Spain	1.10	+0.05
Bank of Sweden	1.10	+0.05
Bank of Switzerland	1.10	+0.05
Bank of Tokyo	1.10	+0.05
Bank of West	1.10	+0.05

Banks, Retail

Company	Price	Change
Bank of America	1.10	+0.05
Bank of Canada	1.10	+0.05
Bank of China	1.10	+0.05
Bank of India	1.10	+0.05
Bank of Japan	1.10	+0.05
Bank of Korea	1.10	+0.05
Bank of Malaysia	1.10	+0.05
Bank of Mexico	1.10	+0.05
Bank of Netherlands	1.10	+0.05
Bank of Norway	1.10	+0.05
Bank of Portugal	1.10	+0.05
Bank of Russia	1.10	+0.05
Bank of Singapore	1.10	+0.05
Bank of South Africa	1.10	+0.05
Bank of Sweden	1.10	+0.05
Bank of Switzerland	1.10	+0.05
Bank of Taiwan	1.10	+0.05
Bank of Thailand	1.10	+0.05
Bank of United Kingdom	1.10	+0.05
Bank of USA	1.10	+0.05
Bank of Vietnam	1.10	+0.05
Bank of West	1.10	+0.05

Breweries, Pubs & Rest

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Building/Construction

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Chemicals

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Diversified Industrials

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Electricity

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Engineering Vehicles

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Extractive Industries

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Food Manufacturers

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Health Care

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Household Goods

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Investment Companies

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Investment Trusts

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Leisure & Hotels

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Life Assurance

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

Media

Company	Price	Change
Adnoca	1.10	+0.05
Beck's	1.10	+0.05
Carlsberg	1.10	+0.05
Heineken	1.10	+0.05
Interbrew	1.10	+0.05
Kaiser	1.10	+0.05
Miller	1.10	+0.05
Orkla	1.10	+0.05
Reckitt	1.10	+0.05
Stout	1.10	+0.05
Tennent	1.10	+0.05
Watson	1.10	+0.05

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business

Procrastination could save the day for Eurotunnel

Eurotunnel will not have much reassurance to give shareholders when it releases its 1995 results next Monday. Cross-Channel traffic is looking up a bit but there will be little progress to report on the negotiations with the company's banking syndicates over £8.1bn of debts on which interest has been suspended.

After a dismal year, they will be treated to the usual knockabout stuff from Sir Alastair Morton, the perennially optimistic co-chairman, who has always insisted that the board has no intention of handing over the company's equity to the banks.

As one of the signatories to a Panglossian rights issue prospectus that lifted £858m of new money out of shareholders' wallets in 1994, 15 months before the company in effect went bust, Sir Alastair's new-found role as shareholders' champion must leave some of them with rather mixed feelings, to say the least.

At 71p, the shares are worth little more than a tenth of their value in early 1994. Agreement on a solution to the company's problems has also been receding steadily, despite Eurotunnel's efforts to get the lead banks to agree the outline financial reconstruction plan it has drawn up.

When the crisis began last September, some of Eurotunnel's banks thought it would take six months to negotiate a deal and another year to push the agreement through the whole 220-strong banking syndicate.

How optimistic can you be? Seven months into the negotiations, it looks unlikely that an outline agreement with the banks will be con-



INDUSTRY VIEW PETER RODGERS

cluded before the summer holidays, so that means a delay into the autumn at the earliest, since most of Europe packs up in July and August.

Even if the original guesstimate that a further year is required to get all the 220 bank lenders to sign proves correct, the reconstruction may not finally be agreed before late 1997.

The problem is that the nearer Eurotunnel moves to a formal signing by the whole syndicate, the higher the hurdles become.

Every single bank in the syndicate must vote yes to the reconstruction. The temptation for individual banks to demand special concessions in situations of this kind is irresistible.

Aggressive price-cutting on duty-free has paid off in increased traffic

When Rupert Murdoch's News International was refinanced a few years ago, his empire was nearly destroyed because a single small American bank threatened on the last day not to sign.

So potentially serious is this blackmail problem for any corporate rescue that the Bank of England spent several years persuading large companies to put majority voting into the contracts governing

renegotiations of their syndicated loans.

Eurotunnel did exactly that, so only a majority bank vote was needed to approve its 1994 bank refinancing and rights issue. Unfortunately, once Eurotunnel stopped paying interest, the loan agreements reverted to a requirement for 100 per cent approval.

In some rescues, banks have preferred long negotiations because they have allowed them to spread bad debt provisions over a number of years while profits are earned to pay for them.

This is probably not a factor with Eurotunnel, whose international lenders have made substantial bad debt provisions already, ranging from 20 to more than 50 per cent.

Aggressive price-cutting on duty-free has paid off in increased traffic

NatWest, one of the four lead banks, is thought to have provided £40m of its £100m exposure.

From the lead banks' point of view, the fundamental cause of the delay is simply the difficulty of agreeing a proposal that has a chance of satisfying the diverse interests of a syndicate of 220 lenders.

Nevertheless, delay does have some useful side-effects. A view is growing among the banks that,

having got this far, they might as well wait until the autumn, when the company will have another summer's tourist traffic under its belt and forecasts of future revenue will be more reliable.

(Those who expect Sir Alastair will depart then, because his contract runs out in October, are jumping to conclusions, because he has been asked by the board to stay on until negotiations are complete.)

Results this spring have certainly been looking good. Eurotunnel's poor marketing has shown signs of improvement and aggressive cut-price tactics on duty-free have been paying off in increased traffic.

Perversely, the better the forecasts for future years the more the banks are likely to push for a bigger slice of the cake and larger fees (to add to the £200m they have already received).

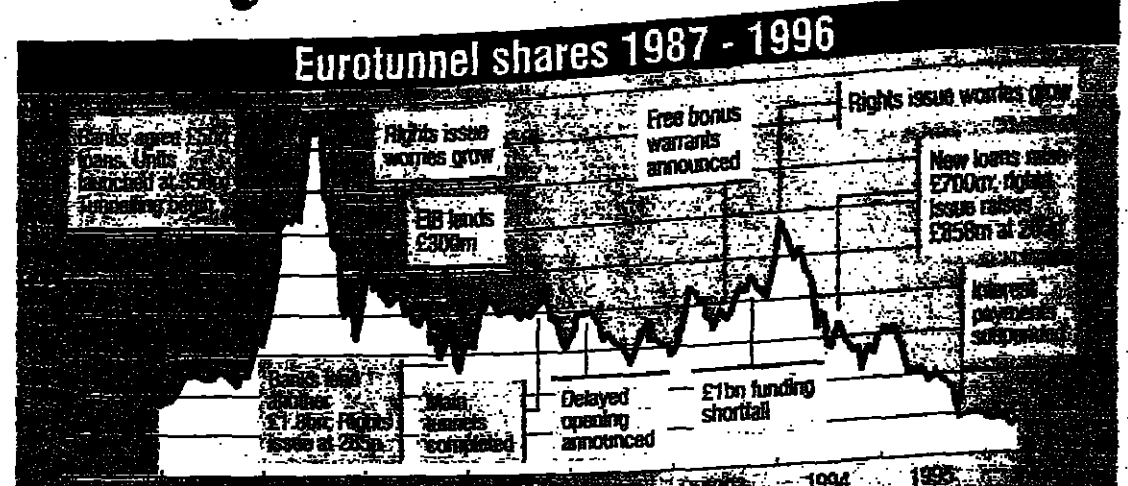
That might explain why Eurotunnel is anxious to persuade the lead banks to approve its own restructuring proposals sooner rather than later.

The deal it wants is not a conventional corporate rescue in which debt is swapped for some form of equity, with the alternative probably a receivership.

Eurotunnel's preferred solution is a flexible structure that allows long-term revenue sharing. The company should from now on produce a positive cash flow, over and above operating costs, but excluding debt interest and repayments.

The idea is to persuade the banks to continue to underwrite the project, absorbing any further financial shocks.

As revenues increase, Eurotunnel would pay a higher proportion of its interest. As for the



shareholders, at some as yet unpredictable moment in the next year, there would be money left over for dividends.

It is likely that, given a generous enough share of the surplus revenues, the banks will agree that it is pointless taking over the

A wipe-out of shareholders' interests would cause banks political troubles

shareholders' equity. Such a move would be largely symbolic. There is, after all, £8.1bn of debt and only £700m of equity, and a wipe-out of shareholders' interests would cause the banks a great deal of political trouble, especially in France, where the majority of the shares are held.

Long-suffering as the shareholders have been over their investments in Eurotunnel, the

question is whether these inevitable delays in the negotiations actually matter very much to them.

The answer is probably not. It simply will not make much difference because the prospect of dividends is so far into the future. On some projections, compounding of

A wipe-out of shareholders' interests would cause banks political troubles

interest would prevent Eurotunnel's revenue ever catching up with the payments to the banks.

As for receivership, it would only make sense for the banks if they thought they could find a better management to run the remaining 57 years of the tunnel concession, and there is no sign so far that they want to do that.

A cross-border receivership would be messy, too, since French

law is more sympathetic to the rights of shareholders - the message the banks took from the Eurotunnel board's decision to set in motion the appointment of mediators under French law.

If this were an ordinary rescue, Sir Alastair would be seen by now to be wearing the emperor's clothes: proclaiming how well covered his loans are while everybody knows he is completely naked and that the shares are worthless.

But Eurotunnel is not like any other refinancing. There is no doubt at all that in the long term the business itself will continue to operate, whatever happens to the bankers and shareholders.

And in the short term, there is little point in forcing the issue because nothing can be resolved until the company's commercial prospects are clear. In the circumstances, a certain amount of procrastination probably benefits everybody.

Foreign Exchange Rates

Country	Spot	1 month	3 months
US\$	1.507	1.507	1.507
Canada	0.612	0.612	0.612
Germany	2.279	2.279	2.279
France	7.716	7.716	7.716
Italy	237.03	237.03	237.03
Japan	162.01	162.01	162.01
ECU	1.270	1.270	1.270
Belgium	46.08	46.08	46.08
Denmark	8.785	8.785	8.785
Netherlands	2.548	2.548	2.548
Ireland	0.989	0.989	0.989
Norway	9.027	9.027	9.027
Spain	165.90	165.90	165.90
Sweden	10.59	10.59	10.59
Switzerland	1.827	1.827	1.827
Australia	1.822	1.822	1.822
Hong Kong	1.060	1.060	1.060
Malaysia	2.765	2.765	2.765
New Zealand	2.006	2.006	2.006
Saudi Arabia	5.434	5.434	5.434
Singapore	2.234	2.234	2.234

Other Spot Rates

Country	Spot	Dollar
Argentina	15.068	0.0932
Austria	16.053	0.0637
Brazil	14.917	0.0892
China	12.630	0.0309
Egypt	5.913	0.0490
Finland	7.859	0.0458
Greece	365.796	0.0027
India	52.776	0.0190
Kuwait	0.426	0.0001

Forward rates quoted low to high are at a discount; rates quoted high to low are at a premium. *Dollar rates quoted as cents per pound. For the latest foreign exchange rates call 0891 328 3033. Calls cost 36p per minute (cheap rate) 48p other times.

Interest Rates

UK	600%	Germany	250%	US	8.75%	Japan	0.50%
Basis	Discount	Discount	Discount	Discount	Discount	Discount	Discount
France	Intervention	Canada	Prime	Spain	Prime	Belgium	Prime
Italy	Prime	Prime	Prime	Prime	Prime	Prime	Prime
Denmark	Discount	Discount	Discount	Discount	Discount	Discount	Discount
Netherlands	Discount	Discount	Discount	Discount	Discount	Discount	Discount
Australia	Discount	Discount	Discount	Discount	Discount	Discount	Discount
Sweden	Discount	Discount	Discount	Discount	Discount	Discount	Discount
Switzerland	Discount	Discount	Discount	Discount	Discount	Discount	Discount
South Africa	Discount	Discount	Discount	Discount	Discount	Discount	Discount
South Korea	Discount	Discount	Discount	Discount	Discount	Discount	Discount
India	Discount	Discount	Discount	Discount	Discount	Discount	Discount
Indonesia	Discount	Discount	Discount	Discount	Discount	Discount	Discount
Malaysia	Discount	Discount	Discount	Discount	Discount	Discount	Discount
Philippines	Discount	Discount	Discount	Discount	Discount	Discount	Discount
Singapore	Discount	Discount	Discount	Discount	Discount	Discount	Discount
Thailand	Discount	Discount	Discount	Discount	Discount	Discount	Discount
Taiwan	Discount	Discount	Discount	Discount	Discount	Discount	Discount
United States	Discount	Discount	Discount	Discount	Discount	Discount	Discount
Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield
1 month	1 month	1 month	1 month	1 month	1 month	1 month	1 month
3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months
1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year

Bond Yields

Country	Yield	10yr	Yield	Country	Yield	10yr	Yield
UK	8.00%	7.49	8.02	Netherlands	9%	5.39	6%
US	5.9%	6.38	5.9%	Spain	10.5%	8.45	10.5%
Japan	6.4%	2.09	6.4%	Italy	10.5%	9.80	10.5%
Australia	8.7%	8.7%	8.7%	Belgium	7.5%	5.1%	6.5%
Germany	5.7%	5.7%	5.7%	Sweden	11%	7.0%	6.8%
France	5.9%	5.9%	5.9%	ECU	8.9%	8.0%	6.8%

Money Market Rates

Overnight	7 Day	1 Month	3 Months	6 Months	1 Year
UK	5.4%	5.4%	5.4%	5.4%	5.4%
Germany	5.4%	5.4%	5.4%	5.4%	5.4%
US	5.4%	5.4%	5.4%	5.4%	5.4%
Japan	5.4%	5.4%	5.4%	5.4%	5.4%
France	5.4%	5.4%	5.4%	5.4%	5.4%
Italy	5.4%	5.4%	5.4%	5.4%	5.4%
Denmark	5.4%	5.4%	5.4%	5.4%	5.4%
Netherlands	5.4%	5.4%	5.4%	5.4%	5.4%
Australia	5.4%	5.4%	5.4%	5.4%	5.4%
Sweden	5.4%	5.4%	5.4%	5.4%	5.4%
Switzerland	5.4%	5.4%	5.4%	5.4%	5.4%
South Africa	5.4%	5.4%	5.4%	5.4%	5.4%
South Korea	5.4%	5.4%	5.4%	5.4%	5.4%
India	5.4%	5.4%	5.4%	5.4%	5.4%
Indonesia	5.4%	5.4%	5.4%	5.4%	5.4%
Malaysia	5.4%	5.4%	5.4%	5.4%	5.4%
Philippines	5.4%	5.4%	5.4%	5.4%	5.4%
Singapore	5.4%	5.4%	5.4%	5.4%	5.4%
Thailand	5.4%	5.4%	5.4%	5.4%	5.4%
Taiwan	5.4%	5.4%	5.4%	5.4%	5.4%
United States	5.4%	5.4%	5.4%	5.4%	5.4%

Tourist Rates

Country	Rate	Country	Rate
Australia	1.822	France	7.716
Belgium	46.08	Germany	2.279
Canada	0.612	Italy	237.03
Denmark	8.785	Japan	162.01
ECU	1.270	Netherlands	2.548
Finland	7.859	Spain	165.90
France	7.716	Sweden	10.59
Germany	2.279	Switzerland	1.827
Greece	365.796	Taiwan	52.776
India	52.776	Thailand	2.234
Indonesia	0.426	United States	1.507

Life Financial Futures

Contract	Settlement	High/Low	Est/Cont	Open
Long GB	Jun 96	105.25	105.05	105.05
German Bond	Jun 96	105.25	105.05	105.05
Italian Bond	Jun 96	105.25	105.05	105.05
3M Euro Yen	Jun 96	105.25	105.05	105.05
3M Euro Mark	Jun 96	105.25	105.05	105.05
ECU	Jun 96	105.25	105.05	105.05
Euro SF	Jun 96	105.25	105.05	105.05
FTSE 100	Jun 96	105.25	105.05	105.05
Dax	Jun 96	105.25	105.05	105.05
Frankfurt	Jun 96	105.25	105.05	105.05

Liffe FT-SE Index Option

Settlement	Price	Settlement	Price
Jun 96	105.25	Jun 96	105.05
Jul 96	105.25	Jul 96	105.05
Aug 96	105.25	Aug 96	105.05
Sep 96	105.25	Sep 96	105.05
Oct 96	105.25	Oct 96	105.05
Nov 96	105.25	Nov 96	105.05
Dec 96	105.25	Dec 96	105.05
Jan 97	105.25	Jan 97	105.05
Feb 97	105.25	Feb 97	105.05
Mar 97	105.25	Mar 97	105.05
Apr 97	105.25	Apr 97	105.05
May 97	105.25	May 97	105.05
Jun 97	105.25	Jun 97	105.05
Jul 97	105.25	Jul 97	105.05
Aug 97	105.25	Aug 97	105.05
Sep 97	105.25	Sep 97	105.05
Oct 97	105.25	Oct 97	105.05
Nov 97	105.25	Nov 97	105.05
Dec 97	105.25	Dec 97	105.05
Jan 98	105.25	Jan 98	105.05
Feb 98	105.25	Feb 98	105.05
Mar 98	105.25	Mar 98	105.05
Apr 98	105.25	Apr 98	105.05
May 98	105.25	May 98	105.05
Jun 98	105.25	Jun 98	105.05
Jul 98	105.25	Jul 98	105.05
Aug 98	105.25	Aug 98	105.05
Sep 98	105.25	Sep 98	105.05
Oct 98	105.25	Oct 98	105.05
Nov 98	105.25	Nov 98	105.05
Dec 98	105.25	Dec 98	105.05
Jan 99	105.25	Jan 99	105.05
Feb 99	105.25	Feb 99	105.05
Mar 99	105.25	Mar 99	105.05
Apr 99	105.25	Apr 99	105.05
May 99	105.25	May 99	105.05
Jun 99	105.25	Jun 99	105.05
Jul 99	105.25	Jul 99	105.05
Aug 99	105.25	Aug 99	105.05
Sep 99	105.25	Sep 99	105.05
Oct 99	105.25	Oct 99	105.05
Nov 99	105.25	Nov 99	105.05
Dec 99	105.25	Dec 99	105.05
Jan 00	105.25	Jan 00	105.05
Feb 00	105.25	Feb 00	105.05
Mar 00	105.25	Mar 00	105.05
Apr 00	105.25	Apr 00	105.05
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Nov 00	105.25	Nov 00	105.05
Dec 00	105.25	Dec 00	105.05
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Feb 01	105.25	Feb 01	105.05
Mar 01	105.25	Mar 01	105.05
Apr 01	105.25	Apr 01	105.05
May 01	105.25	May 01	105.05
Jun 01	105.25	Jun 01	105.05</

Dunlop can stop the Sham bandwagon with Najiya

GREG WOOD

From the very pinnacle of racing's power structure, right down to the shop floor on the high street, a lot of people have a great deal invested in Bosra Sham, and in the space of 90 seconds at Newbury this afternoon, they will get a shrewd idea of just how large the return is likely to be.

There are the breeders and auction houses operating at the top end of the market, who would love to see the most expensive yearling of 1994 demonstrate that sometimes you really can buy success. There are the advisers - probably including Henry Cecil, his trainer - who persuaded Wafic Said that \$30,000 was not too much to pay for Hector Protector's sister, Cecil too, of course, would like to put his falling out with Sheikh Mohammed behind him and start the season with yet another Classic winner. And then there are the punters, who have spent the last three weeks propelling Bosra Sham towards odds-on for the 1,000 Guineas.

Those backers may reflect this morning that to lose one hot Classic favourite is unfortunate,

but to lose another, following Alhaarth's defeat in the Craven Stakes yesterday, would be a disaster.

If the Newmarket gallops punters have nothing to worry about, as most will stake their reputations on Bosra Sham winning the Guineas. They are

RICHARD EDMONDSON
NAP: Corradini
(Newbury 5.15)
NB: Carburton
(Newbury 3.40)

hardly betting with the world's strongest currency, however, and Bosra Sham's supporters will still approach her seasonal debut in the Fred Darling Stakes somewhat nervously.

And even if she prevails, they will check her proximity to Najiya, trained by John Dunlop, very closely. Najiya was third, beaten five and a half lengths by Blue Duster, Bosra Sham's most serious rival in the ante-post Guineas betting, in the Cheveley Park Stakes last season. It will thus be possible to pick holes in anything but a comprehensive success.

Given Dunlop's record in this event, however, it is perfectly possible that Najiya (3.10) will not only get within striking distance of Bosra Sham, but will beat her too. Throughout her two-year-old career, it was clear that Najiya would be a much better animal at three, and with Dunlop's string in excellent form, she is definitely a value bet against the favourite.

Not that Cecil is exactly struggling for winners at present either, with his latest success being provided by Storm Trooper in the Feilden Stakes at Newmarket yesterday. Storm Trooper strode away from his opponents in some style, and is now no better than 20-1 for the Derby.

The success gave Pat Eddery his sixth winner of the meeting and maintained a monopoly in the race for Cecil. He was recording his fourth win in the last five years in this nine furlong Listed contest, following Twist N Turn, Placeville and Cicerone. The Warren Place trainer also captured the prize with Legal Bid in 1987, but it must be said that none of that quarter went on to achieve high ranking so a degree of caution might be useful in assessing prospects for Storm Trooper.

After discussions yesterday evening between Cecil, the colt's owner, Fahd Salman, and the owner's racing manager, Anthony Penfold, the Classic potential of Storm Trooper will also receive an early test in the 2,000 Guineas. The colt, a regular gallops companion of Bosra Sham, is quoted at 20-1 by William Hill for the Guineas.

It was a maiden winner for Peter Chapple-Hyam later in the afternoon, as another who may be a late arrival in the field for the colts' Classic, but he remains an outsider at 33-1.

Such ambitions are way beyond the reach of Galine, winner of yesterday's opening handicap, but the success was a welcome one for Bill O'Gorman, whose daughter Emma was injured in a fall at the track on Wednesday. "I think she was in pain again this morning but I don't think this will be long-term," O'Gorman said yesterday. "It is nothing horrendous."

2,000 GUINEAS (Newmarket, 4 May): Cecil: 13-6 Alhaarth, 9-4 Bosra Sham, 10-1 Storm Trooper, 14-1 Legal Bid, 15-1 Alhaarth, 16-1 Storm Trooper, 17-1 Storm Trooper, 18-1 Storm Trooper, 19-1 Storm Trooper, 20-1 Storm Trooper, 21-1 Storm Trooper, 22-1 Storm Trooper, 23-1 Storm Trooper, 24-1 Storm Trooper, 25-1 Storm Trooper, 26-1 Storm Trooper, 27-1 Storm Trooper, 28-1 Storm Trooper, 29-1 Storm Trooper, 30-1 Storm Trooper, 31-1 Storm Trooper, 32-1 Storm Trooper, 33-1 Storm Trooper, 34-1 Storm Trooper, 35-1 Storm Trooper, 36-1 Storm Trooper, 37-1 Storm Trooper, 38-1 Storm Trooper, 39-1 Storm Trooper, 40-1 Storm Trooper, 41-1 Storm Trooper, 42-1 Storm Trooper, 43-1 Storm Trooper, 44-1 Storm Trooper, 45-1 Storm Trooper, 46-1 Storm Trooper, 47-1 Storm Trooper, 48-1 Storm Trooper, 49-1 Storm Trooper, 50-1 Storm Trooper, 51-1 Storm Trooper, 52-1 Storm Trooper, 53-1 Storm Trooper, 54-1 Storm Trooper, 55-1 Storm Trooper, 56-1 Storm Trooper, 57-1 Storm Trooper, 58-1 Storm Trooper, 59-1 Storm 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SPORT

SECOND INNINGS

Lloyd returns to duty

26

BIG CHEESE AT THE GATES OF HELL
Keith Elliott on London skittles

26

Botham beaten but Gooch joins panel

Cricket

DEREK PRINGLE

At long last, the final two selectors have been selected. What has seemed like an eternity of fantastical speculation over two relatively unimportant positions ended yesterday at Lord's when Graham Gooch and David Graveney joined the selection committee. They beat off six other nominees including a vociferously supported Ian Botham.

As the Test and County Cricket Board's choice, chosen

from the 40 votes cast (two from each of the 18 counties, as well as the MCC and Minor Counties), they will now join the chairman, Ray Illingworth, the England captain, Michael Atherton, and the new coach, David Lloyd, on the committee. With typical hubris however, the TCCB refused to release a breakdown of the votes when the results were announced yesterday. Botham, not without a tinge of irony, said he felt sure it was "a fair and democratic vote".

This almost perpetual masonic-like secrecy over what

has been the first of the season's red herrings does a very public game a disservice, and will allow those discontent over Botham's non-selection to keep the issue rumbling on.

If it does, it will be more misguided than remedial. Selecting can be a mundane job requiring both diligence and patience, combining long hours of watching with having one's ear bashed by overzealous county committee men, who believe their club stalwarts have been long overdue a run in the England side. It is often a thankless task and

until recently an invisible one. Botham is no stranger to helping good causes, but watching endless hours of cricket with only a minimal say at the end of it would test even his proclaimed new found love of watching the game. To say nothing of the conflicts it would bring to his media roles.

As a former colleague recently commented, he would be brilliant at getting some decent wine to the table for selection meetings and pre-test dinners, but bored rigid otherwise. The same cannot be said of

Gooch (though he too likes fine wine), who apart from being recently involved with England is still playing county cricket. His love for the game has forced him to be more methodical and analytical in his approach to playing longer at the top. While this may have annoyed those who prefer David Gower's more cavalier approach, no one can doubt his honourable intentions and his diligence will serve the selection panel well. The only caveat remains a logistical one over the time apportioned to his dual roles of

key Essex player and England selector, a conundrum Gooch believes will be solved by a bit of "give and take on all sides". In principle, I believe in a broad spectrum of views, and having another current player on the panel helps that," Gooch said yesterday. Unlike the Australians though, he believes that the captain should be the "main man" in selection, with the other selectors there to feed information and sound ideas off him. As one optically committed to the England cause, Gooch is delighted the counties have allowed

him to play a part. "As a captain and player, I just wanted to go out and win games of cricket. Now I'm simply interested in trying to build a good system for English cricket and I'm flattered to be given the chance. I realise that I'll only have a small say, but at least the bowlers will have an added incentive now when I come in to bat."

The inclusion of Gooch from the south and Graveney from the west neatly balances the northern flavour of the panel. Politically, however, the selection of Graveney, who recently opposed Illingworth as

chairman of selectors before withdrawing his name, may not prove to be an entirely friction-free zone. By not giving him the selectors he wants in Brian Bohus and John Edrich, the counties are firing a warning shot across Illingworth's bows. His power has waned since the World Cup and the system has reverted back to the one when Gooch was captain of England. Whether or not it can now turn England into a competitive and consistent team remains to be seen.

Clubs lose patience with Brittle

Rugby Union

DAVID LLEWELYN

England's top clubs have finally lost patience at the failure of the Rugby Football Union to agree a meeting with them to thrash out who runs the game at the top level.

"Sort it out or get out" was the message Donald Kerr, the chairman of the English Professional Rugby Union Clubs, delivered yesterday to Cliff Brittle, his opposite number on the RFU negotiating committee.

Topics such as television rights, sponsorship and the structure of the season must be discussed, and time is running out. The moratorium on professionalism ends on 6 May, after that it is every man (and club) for himself. But despite a stated preference by Brittle (and by extension, the RFU) to sort things out quickly there have been no meetings between the sides this week, nor are any planned for next.

"We have tried to arrange a date this week," Kerr said, "but Brittle told us his diary is too full. He has no sense of urgency and we are very concerned. In fact we are very angry. The game is going to come out terribly damaged. This guy is stopping the whole process."

If we could sit down with RFU president Bill Bishop and secretary Tony Hallett, this whole thing would be sorted out in five minutes. Brittle is trying to be president, chairman and

chief executive and it's unhealthy and wrong for English rugby."

There was supposed to have been one get-together this week mediated by leading England players. There have been distractions, not least the RFU's own declaration of independence from the Five Nations committee regarding negotiation of broadcasting rights. There is also the rumoured split in the ranks following the co-opting of Bishop on to the RFU's committee which is supposed to be negotiating with the clubs. There are suggestions that Brittle is so opposed to Bishop that he may not let the president attend all the meetings with the top clubs.

Meanwhile, following demands by Pilkington Cup finalists Bath and Leicester for more money for the 4 May showdown at Twickenham there are suggestions that the RFU is considering raising the price of the Cup final programme from £2.00 to £3.00. Programme sales are expected to be about 70 per cent of the sell-out 75,000 crowd.

But before the finalists, who were reported to want around an extra £10,000 above the £40,000 put up by Pilkington, start baring their hands, the RFU marketing director, Richard Field, yesterday denied that the price hike would be as high.

■ Francois Pienaar, who captained South Africa to World Cup victory, will lead the Barbarians against Ireland in a fund-raising "Peace International" at Lansdowne Road on 18 May.



Willie Carson on Alhaarth (right) is beaten by a neck by John Reid's mount Beauchamp King in the Craven Stakes at Newmarket

Photograph: David Ashdown

Racing

RICHARD EDMONDSON
reports from Newmarket

Classic favourite Alhaarth falters

Reputations perish quickly in this week of the racing season, a phenomenon known in the sport as bubbles bursting. Yesterday the Hindenburg fell to earth here. Alhaarth, the short-priced favourite for both the 2,000 Guineas and Derby, was beaten for the first time in his career. Another supposed reincarnation of Pegasus had crash landed. Dick Hern's colt failed by only a neck in the Craven Stakes and is still the market leader for both

Classics, but any thought that an extra box is being knocked up in racing's pantheon can now be dispelled. He cannot be a wonder horse after this.

There have been plenty of shocks this week when, traditionally, the flashy dandies of the gallops try to confirm their credentials on the anvil of racecourse competition. Beforehand, Alhaarth certainly looked the part. Milky snout distinguished the bay colt, as did his gleaming hide, which had the rich shine of the managing director's desk. Two-year-olds are meant to grow like bamboo over their third winter, but, perhaps tellingly, Alhaarth looked little different from the animal who recorded five straight successes last year.

He was familiarly eager on the racetrack too, tossing his head extravagantly, as Rio Duvila tugged the small field

along. Two furlongs out, Willie Carson initiated his bolt for home, but he was soon collared by the grey shape of Beauchamp King. "I was travelling so well that I knew when Willie kicked he was not going to go far away," John Reid, Beauchamp King's jockey, reported later. Alhaarth engaged combat in pleasing manner but he was never going to get back, and by the time he returned a cathedral silence had descended on Hern

and his team. In his flat cap, anorak and mittens the Major looked like someone in his shed at the allotments. The words were brave but the look was of a man who had just had his tomatoes visited by blight. "He ran a good race and I'm quite happy to be back here in a fortnight," Hern said. "That will have done him good and that was the whole object of running, to give him the benefit of a race."

There were worrying signs

for those who have the big ante-post prices about Alhaarth, however. The colt was not exactly puffing like an athlete with improvement to come ("he wouldn't have blown a match out," said Hern) and he was subjected to the hardest race of his life, absorbing several smacks from Carson. "I wouldn't want to be lying down on that side tonight," the jockey said.

Carson was not entirely dispirited. "I've got a great chance of beating that grey horse," he said, "but whether that's good enough to win the Guineas is another matter."

THE INDEPENDENT CROSSWORD

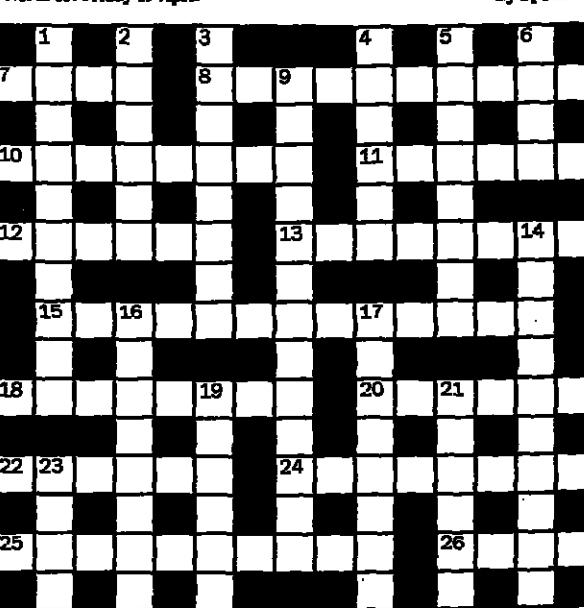
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- ACROSS**
- Soft rolls half finished? Dashi (4)
 - Langwishing on dote such characters may be in need of training (10)
 - After bowling, try to catch (8)
 - Old man needs temporary accommodation, it's obvious (6)
 - Stick had broken before (6)
 - Inordinate greed with pie leading to extraction? (8)
 - Areas of natural beauty where citizen leaves car? (8, 5)
 - Businessman intended to recruit church member and husband (8)
 - Habit rife in the sixties? (6)
 - Dickensian character's painting kept in study (6)
 - Waiting in the wings, speculator's put in reduced bid (8)
- DOWN**
- Basic instincts evident in SE France? Goodness! (10)
 - Rough direction given by phone? (6)
 - Grouse when flying around exercise an inhibitory mechanism (8)
 - Planned to keep a piano in out-house (6)
 - To get car must be difficult for person in modest dwelling (8)
 - List not filled out? (4)
 - Five extract available in sacher animated? (5, 8)

- Tales again circulating in university (4, 6)
- Walk round a place like Oxford - mostly, it's quiet (8)
- If one's inveigled into alliance, one won't fight (8)
- Records answer North American pupil's entered (6)
- Capitalist getting a law overturned - it's in the paper (3, 3)
- Fine extract available in sacher (4)

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Nerves frayed as Uniteds take a break

Maybe, given that the new denim-style away shirt was the talk of Tyneside, it was destined to be a night for the status quo. The latest, identical wins for Manchester United and Newcastle not only left the championship equation unaltered, but revealed nerves in the rival camps to be as frayed as a battered pair of jeans.

In theory, a 10-day break for international week allows both contenders to summon their strength for the eight-day period that should decide the title. In practice, the hiatus may merely tighten the mental mangle by leaving the two Uniteds to mull over the possibilities, among which a play-off ranks ever more highly.

Kevin Keegan admitted that Newcastle were feeling the heat after the 1-0 defeat of Southampton, while Alex Ferguson's remarks after Manchester United's close shave against 10-man Leeds suggested his team were not the only ones showing the strain.

As Keegan confirmed, psychology is a major factor at this stage. "That's why the six inches between the ears are important. We guts it out again,

Phil Shaw looks forward to an intriguing and tense run-in for the Premiership title

though I have to say that David Batty again showed that he doesn't seem to be feeling any pressure. He's done it all before, and I honestly don't think we'd have held in there without him."

On a night when even Peter Beardsley could not master the tension, Batty's confident, economical passing proved he has more to offer than a pit-bull presence.

Ferguson, likewise, was struggling to explain a spirited show by Batty's old colleagues, asking why Leeds only played to their potential against his side. "They should be in the top six," he argued, and were "cheating the manager" by not being so.

This cocktail of complaint, compliment and paranoia was probably designed to embarrass Leeds into similar commitment at home to Newcastle a week on Monday. Manchester United could be six points clear again by then, provided they beat Nottingham Forest the day before.

Fresh intrigue, such as the likely return of Tony Yeboah and the Geordie solidarity of

Forest's Frank Clark and Steve Stone, will emerge in the interim. But, to judge by Wednesday, the tussle will go to the last kick of the regular season and possibly beyond.

It was tit-for-tat stuff, right down to Keegan's relief that Manchester United did not pile on the goals after Leeds had to hand Lucas Radebe the goalkeeper's jersey, and Ferguson's satisfaction on hearing Beardsley had missed a penalty.

"Nothing's changed, really," the Newcastle manager said as the bookies retained Manchester United as 4-9 favourites and Newcastle at 13-8. "The onus is still on us. We've got the extra game but only one of our three is at home. If you balanced it up on a set of scales, it would stand even."

And if it all stands even at the final whistle on 5 May, the play-off will be a reality. Keegan laughed off the prospect, saying: "I won't be there. I'll be on my holidays. I'm off to Marbella with Alex. We'll have a game of golf to decide it."

England call-up Villa's Wright

Alan Wright was yesterday called up by England as the list of withdrawals for next Wednesday's home game against Croatia continued to grow.

The Aston Villa left-back stepped up after an ankle injury ruled out Phil Neville. The Manchester United defender joined Newcastle's Les Ferdinand (broken toe) and Robert Lee (Achilles), plus Blackburn's Alan Shearer (groin) on the casualty list.

The call for reinforcements by the England coach, Terry Venables, is likely to be followed today by Mick McCarthy, who

lost four more members of his Republic of Ireland squad to face the Czech Republic in Prague. Out went Leeds' Gary Kelly and Liverpool's Jason McAteer (both knee), and Villa's Steve Staunton (ankle). Marseille's Tony Cascarino was given permission to pull out because of pressing club commitments in France.

Wales did not escape, either, with a hamstring sidelining the Bolton striker Nathan Blake for the trip to Switzerland.

The Aston Villa defender Gary Charles is expected to be out of action for a year after

suffering a broken and dislocated left ankle. However, Charles - injured in Wednesday's 1-1 home draw with West Ham United - is expected to make a complete recovery.

Contingency plans have been laid for a single match play-off on a neutral ground should Newcastle and Manchester United finish level on points, goal difference and goals scored at the end of the season. It would take place after the FA Cup final on 11 May and before the European Championship finals, which begin on 8 June.

Klausmann ban, page 28

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